



## Business Plan

On

## Income Generation Activity

### Bag making

By

**Self Help Group – Sidh Mahadev**



SHG/CIG name/VFDS name

Sidh Mahadev/Tikkar

Range

Dehra

Divison

Dehra Divison

**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 Sidh Mahadev SHG which falls under VFDS Tikkar of Range Dehra and Division Dehra. 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 10 women of different age group came together to form a SHG on 15/9/2022 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 Sidh Mahadev SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This Consists of 9 females. The group will start making good qualities bag 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	Sidh Mahadev
2.	VFDS	Tikkar
3.	Range	Dehra
4.	Division	Dehra
5.	Village	Tikkar
6.	Block	Pir Saluhi
7.	District	Kangra
8.	Total no. of members in SHG	10
9.	Date of formation	15-09-2022
10.	Bank a/c No.& IFSC code	50100530476921 & HDFC0002876
11.	Bank details	HDFC
12.	SHG/CIG monthly savings	50Rs
13.	Total saving	500rs
14.	Total interloaning	1000rs
15.	Cash Credit Limit	1%
16.	Repayment status	-

**3. Beneficiaries Details**

<b>Sr.no.</b>	<b>Name</b>	<b>M/F</b>	<b>Father/Husband name</b>	<b>Category</b>	<b>Designation</b>	<b>Contact no.</b>
1	Suman Kumari	F	W/O Subhash	SC	Pradhan	8626829268
2	Reena Devi	F	W/O Davinder	SC	Secretary	7876395915
3	Sunita Kumari	F	W/O Ramesh Chand	General	Treasurer	9015057334
4	Soni Dogra	F	W/O Rajesh Kumar	General	Member	8580618324
5	Pinki Devi	F	W/O Mohinder Singh	SC	Member	7626857096
6	Poonam Thakur	F	W/O Rakesh Kumar	General	Member	8219971162
7	Parveen Kumari	F	W/O Yograj	SC	Member	9807695495
8	Shashi Bala	F	W/O Subhash Chand	General	Member	8894941339
9	Mona	F	W/O Anil Kumar	SC	Member	8263068506
10	Salochana Devi	F	W/O Late Suresh Kumar	SC	Member	9817333491

#### 4. Geographical details of the Village

1	Distance from the District HQ	85 Km
2	Distance from Main Road	400 m
3	Name of local market distance	Shantla & 3 km
4	Name of main market & distance	Naduan & 17km
5	Name of main cities & distance	Naduan & 17 km
6	Name of main cities where product will be sold/marketed	Rakkar , Kangra , Naduan

#### 5. Market Potential-

After learning the skill of bag making, this Sidh Mahadev 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 rapid face the demand of latest design bag will be there all around the year.

1	Potential marketplaces/locations	Village covered-Tikkar
2	Demand of the product	Throughout the year and high demand in march when school re opens.
3	Process of identification of market	Group members will contact near by villagers/households/institutions.
4	Marketing Strategy	SHGmemberswilldirectlytakeorders(grouplevel)fromnearbyvillagers/households/shopkeepers/institutions.
5	Product branding	Sidh Mahadev Bags
6	Product “Slogan”	“Sidh Mahadev bags-best inequality”

## 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 marketplaces. The division Labour between the members have been planned carefully so that each and contributes towards strengthening the IGA and resulting the additional money in to 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 10. 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 1000 hours monthly.
- The group will make 15 to 20 bags per day initially later with experience they can increase the number. In a month, the group will make approx. of 480 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 400.
- 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 10 out of total numbers of SHG members working hours in a month will be 1000 hours (25 days). Total Labour days in a month for the whole group will be 125 days (1000÷8). The Labour cost comes out to be Rs 43750 (125×350).





## 9. Description of Production planning-

1	Production per cycle(month)	1month=480bags
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	15-20 bags per day

## 10. Description of Management among members

By mutual consents group members will decide their role and responsibility to carry out the work.

Work will be divide Damon 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.SWOTanalysis–

### ❖ 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 others 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				
Sr.No.	Particulars	Quantity	Unit Price	Amount(Rs)
1	Sidh Mahadev Bag Making Machine(95T10)with Motor & stand	6	10000	60,000
2	Sidh Mahadev Bag Making Machine(95T10)withstand	4	8500	34,000
3	Wooden counter Table	2	5000	10,000
4	Mat	2(8×10)	3000	6000
5	Steel Racks	2	4000	8000
6	Tool Kit	6	1000	6000
7	Chair & stool	10	1000	10000
<b>Total Capital Cost (A) = Rs. <u>134000</u></b>				

B. Recurring Cost					
S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount(Rs)
1	Metty cloth	Mtr	204 mtr	140	28560
2	Parachute fabric cloth	Mtr	96 mtr	130	12480
3	Jute Fabric	Mtr	84 mtr	120	10080
4	Bag Sticker		1000	4	4000
5	Kunde/Lock/Button	Kg	2	1800	3600

6	Hall rent,& stationery expenses	LS	1	3000	3000
7	Foam &Plane Printed lining fabric	Mtr.	192	110	21120
8	ThreadReel6,8,10	Nos	120	60	7200
9	Machine Needle 21, 23No's	-	120	10	1200
10	Marker& Measurement Tape	-	-	-	1000
11	Runner5&8No's	Dozen	48	45	2160
12	Tani Bag	KG	300	8	2400
13	Tani Bag	KG	300	6	1800
14	Chain5No.	Mtr	240mtr	6	1440
15	Chain8No.	Mtr	216	10	2160
16	Labour work will be done by SHG members				-
<b>Total Recurring Cost (B)=102200</b>					

C. Cost of production		
S.No.	Particulars	Amount
1	Total recurring cost	102200
2	10%depreciationAnnually on capital cost	13400
<b>TOTAL - 115600</b>		

D. Selling price calculation			
Sr.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	Approx40-80-120-300-400
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	13400
2	Total Recurring Cost	102200
3	Total production of bag per month	480 (approx.all sizes 100,80,60)
4	Selling Price of per bag	40 to 400
5	Income generation	168000
6	Net profit (Income generation- Recurring cost)	65800
7	Gross profit (Net profit-Labour Cost)	22050/-
8	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>

### 14. Fund flow arrangement in SHG-

S.No.	Particulars	Total Amount(Rs)	Project Contribution	SHG Contribution
1	Total capital cost	134,000	100500	33500
2	Total Recurring Cost	102200	0	102200
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
<b>Total</b>		<b>286200</b>	<b>150500</b>	<b>135700</b>

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"> <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</li> </ul>	Procurement Of machines/equipment will be done by
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	<p>Borne by project.</p> <ul style="list-style-type: none"> <li>✧ Upto Rs1 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>	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>	

## 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-

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

$$= 1,34,000 / (350 - 241) = 1229$$

In this process break-even will be achieved after making 1229 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 them on it areas:

- ❖ 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



## 22. Group Photograph:



**Resolution - cum - Group Consensus Form**

It is decided in the General House meeting of the group Sidh Mahadev held on 14/09/22 at Tikkar that our group will undertake the Bag making as Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods ( JICA Assisted ) .

Suman Kumari  
Signature of Group Pradhan  
Sidh  
ge Forest Dev. Soc.  
Tikkar, S.M.S. Sidh  
Mahadev

Reena Devi  
Signature of Group secretary  
Membr Sidh Mahadev



**Business Plan Approval by VFDS & DMU**

Sidh Mahadev Group will undertake the Boj 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. 286,200/- has been submitted by group on 21/12/2022 and the business plan has been approved by the VFDS Tikka.

Business plan is submitted through FTU for further action please.

Thank you

Signature of Group President  
Sidh Mahadev  
S. No. 2, Sidh Mahadev

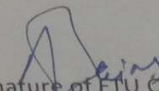
Signature of President VFDS  
Handeep Singh  
Village Forest Dev. Soc.  
Tikka

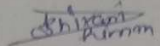
Signature of Group Secretary  
Reena Devi  
S. No. 2, Sidh Mahadev

Approved

DMU – CUM-Dehra

Submitted to DMU through FTU

  
Name & Signature of FTU Officer  
Range Forest Office-  
DEHRA, Haridwar

  
Name & Signature of FTU Coordinator

Approved

  
Name & Signature of DMU Officer

Prepared By :-  
Madan Lal Sharma Retd. HPFS  
Deeksha (SMS)  
Shivani FTU Co-Ordinator