



## BUSINESS PLAN

INCOME GENERATING ACTIVITY–KNITTING

by

Balh Mata-Self Help Group



SHG/CIG Name	::	Balh
VFDS Name	::	Balh
Range	::	Dharamshala
Division	::	Dharamshala

**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 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 Balh SHG will be located at village Rawa P.O. Dal Lake Tehsil Shahpur Distt. Kangra HP. The total households in village 63 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	::	Balh
2.2	VFDS	::	Balh
2.3	Committee	::	Balh
2.4	Range	::	Dharamshala
2.5	Division	::	Dharamshala
2.6	Village	::	Rawa
2.7	Block	::	Mcleodganj
2.8	District	::	Kangra
2.9	Total No. of Members in SHG	::	18-females
2.10	Date of formation	::	05-12-22
2.11	Bank a/c No.	::	4478000100255691
2.12	Bank Details	::	PNB Bank
2.13	SHG/CIG Monthly Saving	::	50/-
2.14	Total saving	::	900/-
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	Sawrna Devi	Sh. Shami	S.T	President
2	Rajni Devi	Sh. Karnel Singh	S.T	Secretary
3	Vandna devi	Sh. Pappu	S.T	Vice President
4	Pawna Devi	Sh.Shubash Chand	S.T	Member
5	Rekha Devi	Sh. Manoj Kumar	S.T	Member
6	Rumlo Devi	Sh. Thakur	S.T	Member
7	Maya Devi	Sh. Milap Chand	S.T	Member
8	Pinki Devi	Sh. Shammi	S.T	Member
9	Nishu Devi	Sh. Sanjeev Kumar	S.T	Member
10	Aakriti Devi	Sh. Rinku	S.T	Member
11	Savita Devi	Sh. Sunil kumar	S.T	Member
12	Madhu Devi	Sh. Dimple	S.T	Member
13	Aruna Devi	Sh. Manjeet	S.T	Member
14	Swati Devi	D/o Sh. Chud Singh	S.T	Member
15	Shilpa Devi	D/o Sh. Baiskhai Ram	S.T	Member
16	Riya devi	D/o Sh. Sonki Ram	S.T	Member
17	Sakshi Devi	D/o sh.Shiridhar	S.T	Member
18	Diksha Devi	W/o Anil Kumar	S.T	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 Balh 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 Balh 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 Balh 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 near by 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.

<b>A. CAPITAL COST</b>				
<b>Sr. No.</b>	<b>Particulars of Machinery.</b>	<b>Quantity</b>	<b>Rate per unit</b>	<b>Total Amount</b>
1	knitting machine	11	8000	88000
2	Punch card Knitting Machine	3	40000	120000
2	Scissor	5	150	750
3	Gola making machine	4	600	2400
	Total capital cost=			211150

<b>B. Recurring cost</b>				
<b>Sr. No.</b>	<b>Particulars</b>	<b>Unit</b>	<b>Rate</b>	<b>Amount</b>
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
<b>Total Recurring cost</b>				<b>35300</b>



### 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:

<b>Particulars</b>	<b>Total Amount (Rs.)</b>	<b>Project Contribution (75%)</b>	<b>SHG contribution (25%)</b>
Total capital cost	211150	158363	52787
<b>Recurring cost</b>			
10% depreciation on capital cost/month	1945		1945
Other expenditure per month	<b>35300</b>	-nil-	<b>35300</b>
<b>Total</b>	<b>248395</b>		<b>90032</b>

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

Total expenditure in first month = **248395**

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:

<b><u>Capital cost</u></b>		
<b>Particulars</b>	<b>Amount</b>	<b>SHG contribution</b>
Capital cost	211150	52787
<b><u>Recurring expenditure</u></b>		
i) 10% depreciation on capital cost per month	1945	
i) Other expenditure on material cost etc.	35300	
Total	37245	
<b>Total cost</b>	<b>158363+37245=195608</b>	
<b>Total sale in 1<sup>st</sup> month</b>	<b>3,30,000</b>	
<b>Net profit</b>	<b>189330</b>	

#### 14. Sharing of the profit

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

<b>Sr.No.</b>	<b>Particulars</b>	<b>Total Amount (Rs)</b>	<b>Project contribution</b>	<b>SHG contribution</b>
1	Total capital cost	211150	158363	52787
2	Total Recurring Cost	37245	0	37245
3	Trainings	50000	50000	0
	<b>Total</b>	<b>298395</b>	<b>208363</b>	<b>90032</b>

#### 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"><li>• 75% of capital cost will be utilized for purchase of machines.</li><li>• Up to Rs.1 lakh will be parked in the SHG bank account as a revolving fund.</li><li>• Trainings/ capacity building/ skill up-gradation cost.</li></ul>	Procurement of machines will be done by respective DMU/FCCU after following all codal formalities.
SHG contribution	<ul style="list-style-type: none"><li>• 25% of capital cost to be borne by SHG.</li><li>• Recurring cost to be borne by SHG</li></ul>	

## 17. Trainings/capacity building/skill up-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 SMS – Babita  
HPFS Retd.- Manohar Lal

(13 Bakh SHGs)

Signature of VFDs Pradhan

S.A.

Vardha

Signature of VFDs Secretary

~~Signature~~

Sawarna

Signature of SHG Pradhan

Rajni Devi  
Signature of SHG Secretary

Deep  
Signature of Forest Guard

Signature of B.O.

Sumit  
Signature of R.O.

Approved by PMU  
Divisional Forest Officer  
Forest Division  
Dharamshala