



Business Plan

On

Income Generation Activity

Bag making

By

Self Help Group – Jai bhawani



VFDS name

Gahinlagor

Range

Nurpur

Division

Nurpur

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 Jai bhawani SHG which falls under VFDS Gahin lagore of Range Nurpur and division Nurpur. 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 13 women of different age group came together to form a SHG on 18th September 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 Jai bhawani SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This SHG consists of 12 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 has 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 | Jai bhawani |
| 2. | VFDS | Gahin lagore |
| 3. | Range | Nurpur |
| 4. | Division | Nurpur |
| 5. | Village | Gahin lagore |
| 6. | Block | Nurpur |
| 7. | District | Kangra |
| 8. | Total no. of members in SHG | 13 |
| 9. | Date of formation | 18-09-2022 |
| 10. | Bank a/c No.& IFSC code | 50074929749 & KACE0000003 |
| 11. | Bank details | KCC Nurpur |
| 12. | SHG/CIG monthly savings | 50/- |
| 13. | Total saving | - |
| 14. | Total inter loaning | -- |
| 15. | Cash Credit Limit | - |
| 16. | Repayment status | - |

3. Beneficiaries Detail

| S.no. | Name | M/F | Father/ Husband name | Category | Designation | Address |
|-------|---------------|-----|-------------------------|----------|-------------|---|
| 1 | Ranjna devi | F | Tara chand | SC | President | Vill Gahinlaore teh nurpur dis kangra |
| 2 | Aasha devi | F | Sandeep kumar | SC | Secretary | Vill Gahinlaore teh nurpur dis kangra |
| 3 | Divya | F | Aman kumar | SC | Member | Vill Gahinlaore teh nurpur dis kangra |
| 4 | Suresh kumara | F | Jagdish chand | SC | Member | Vill Gahinlaore teh nurpur dis kangra |
| 5 | Sunita devi | F | Maan singh | SC | Member | Vill Gahinlaore teh nurpur dis kangra |
| 6 | Sheela devi | F | Darshan kumar | SC | Member | Vill Gahinlaore teh nurpur dis kangra |
| 7 | Sawarna devi | F | Parkash chand | SC | Member | Vill Gahinlaore teh nurpur dis kangra |
| 8 | Gurmeet | F | Jeet kumar | SC | Member | Vill Gahinlaore teh nurpur dis kangra |
| 9 | Renu devi | F | Subhash Kumar | SC | Member | Vill Gahinlaore teh nurpur dis kangra |
| 10 | Sudesh devi | F | Rashpal kumar | GEN | Member | Vill Gahinlaore teh nurpur dis kangra |
| 11 | Sukanya devi | F | Sangram singh | GEN | Member | Vill Gahinlaore teh nurpur dis kangra |
| 12 | Anu rana | F | Bhajay rana | GEN | Member | Vill Gahinlaore teh nurpur dis kangra |
| 13 | Rani devi | F | Kikar rana | GEN | Member | Vill Gahinlaore teh nurpur dis kangra |

4. Geographical details of the Village

| | | |
|---|--|------------------------------|
| 1 | Distance from the District HQ | 65Km |
| 2 | Distance from Main Road | 4 Km |
| 3 | Name of local market & distance | 6 Km |
| 4 | Name of main market & distance | Nurpur 6Km |
| 5 | Name of main cities & distance | Nurpur 6 Km, Pathankot 33 Km |
| 6 | Name of main cities where product will be sold/ marketed | Nurpur |

5. Market Potential-

After learning the skill of bag making, this Jai bhawani 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 - Gahin lagore |
| 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 | Jai bhawaniBags |
| 6 | Product "Slogan" | "Jai bhawani bags are ECO Friendly " |

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 13. 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 5 days per week. So, we can say, each member of the group will be working for 88 hours monthly.
- The group will make 15 bags per day initially later with experience they can increase the number. In a month, the group will make approx of 450 bags.
- Based on assumption/experience each bag will be manufactured by using material i.e. Mattie cloth, jeep, locks, sticker, wire covering, etc. Cost of which will depend on the type of bag, size of bag. We can consider the range of price of using raw material to lie between Rs100 to Rs 300.
- The total working hours of 1 member in a month (total working days in a month will be 22 and 4 hours per day) will be 88 hours (22 days*4 hours) and for all the 13 members the working hours in a month will be 968 hours (22 days). Total labour days in a month for the whole group will be 121 days (968/8). The labour cost comes out to be Rs 36,300 (121*300). Labour cost in manufacturing of 1 bag will be Rs 80.

9. Description of Production planning-

| | | |
|---|---------------------------------|---------------------------|
| 1 | Production per cycle (month) | 1 month = 465 bags |
| 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 bag production per day | 15 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.
- ❖ Product is non-perishable.

❖ 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 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.
- ❖ Suddenly 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 and stand | 6 | 9500 | 57000 |
| 2 | Bag making machine with stand | 5 | 8000 | 40000 |
| 3 | Wooden counter Table | 1 | 5000 | 5000 |
| 4 | Mat | 2 (8×10) | 3000 | 6000 |
| 5 | Steel Racks | 2 | 4000 | 8000 |
| 6 | Tool Kit | 13 | 1000 | 13000 |
| 7 | Chairs & stool | 13 | 800 | 10400 |
| Total Capital Cost (A) =Rs 1,39,400 | | | | |

| B. Recurring Cost | | | | | |
|---|---|--------------|----------|------------|-------------------|
| S. No. | Particulars | Unit | Quantity | Unit Price | Total Amount (Rs) |
| 1 | Metty cloth | Mtr | 120 mtr | 120 | 14400 |
| 2 | Parachute fabric cloth | Mtr | 80 mtr | 80 | 6400 |
| 3 | Jute Fabric | Mtr | 80 mtr | 100 | 8000 |
| 4 | Bag Sticker | | 900 | 3 | 2700 |
| 5 | Kunde/Lock/Button | Kg | 1/2 | 900 | 450 |
| 6 | Hall rent, & stationery expenses | Month | 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 | Runner 5 & 8 No's | Dozen | 40 | 45 | 1800 |
| 11 | Tani Bag | KG | 300 | 8 | 2400 |
| 12 | Tani Bag | KG | 300 | 6 | 1800 |
| 13 | Chain 5 No. | Mtr | 150 | 6 | 900 |
| 14 | Chain 8 No. | Mtr | 150 | 10 | 1500 |
| 15 | Labour (4 hour per day and 5 days per week i.e. total working days per month for each member will be 22 days & total working hour in a month for 11 members will be 968 hours(22*11*4) | Working days | 121 | 300 | 36,300 |
| Total Recurring Cost (B) = 95150 | | | | | |

Note – The group will be doing labour work themselves.
So Net Recurring Cost = Total recurring cost - labour cost
= 95150-36300

Net Recurring Cost = 58850

| C. Cost of production (Monthly) | | |
|----------------------------------|---|--------|
| S. No. | Particulars | Amount |
| 1 | Total recurring cost | 95150 |
| 2 | 10% depreciation annually on capital cost | 13940 |
| Total = 109090 | | |

| D. Selling price calculation | | | |
|------------------------------|------------------------|------|-------------------------------------|
| S. No. | Particulars | Unit | Amount |
| 1 | Cost of production | 1 | Approx (Rs. 20, 60, 100, 130, 400) |
| 2 | Expected selling price | 1 | Approx (Rs. 40, 80, 120, 300, 400) |
| 3 | Current market price | 1 | Rs. 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 | 13940 |
| 2 | Total Recurring Cost | 95150 |
| 3 | Total production of bag per month | 465 (approx quantity) |
| 4 | Selling Price of per bag | 350 |
| 5 | Income generation | 162750 |
| 6 | Net profit (Income generation - Recurring cost) | 162750- 95150 = 67600 |
| 7 | Gross profit(Net profit - Labour Cost) | 67600 - 36,300= 31300 |
| 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 | 1,39,400 | 104550 | 34850 |
| 2 | Total Recurring Cost | 95150 | 0 | 95150 |
| 3 | Training/capacity building/skill up-gradation. | 50,000 | 50,000 | 0 |
| Total | | 284550 | 154550 | 130000 |

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

$$\begin{aligned} &= \text{Capital Expenditure/ (selling price (per bag)-cost of production (per bag))} \\ &= 1,39,400/(350-130) \\ &= 618 \end{aligned}$$

In this process break-even will be achieved after making 618 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%.

Jai Bhawani (Gahin Lagore)



प्रधान (रंजना देवी)



सचिव (आशा देवी)



पुष्पा देवी



शीला देवी



सुनीता



दिव्या देवी



ललीला देवी



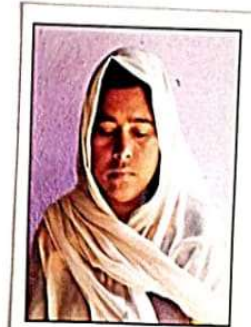
सुरेश कुमारी



रेनु देवी



सुकन्या



सुपेश कुमारी

Resolution cum Group Consensus Form

It is decided in the general house meeting of the group Jai Bhawani held on 11-10-2022 at Gahim Lagot 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).

Signature of Group President

प्रधान सचिव कोषाध्यक्ष
जय भवानी (JICA)
स्वयं सहायता समूह सं. 5,
गहरी लगोट, जिला कांगड़ा (H.P.)
रंजना देवी

Signature of Group Secretary

प्रधान सचिव कोषाध्यक्ष
जय भवानी (JICA)
स्वयं सहायता समूह सं. 5,
गहरी लगोट, जिला कांगड़ा (H.P.)
अशिता देवी

Business Plan Approval by VFDS & DMU

Jai Bhawani Group will undertake the Body 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. 284550 has been submitted by group on 18/10/2022 and the business plan has been approved by the VFDS Gahin Lagore

Business plan is submitted through FTU for further action please.

राजना देवी
प्रधान सचिव कोषाध्यक्ष
Signature of JICA President

स्वयं सहायता समूह कार्ड नं. 5,
गहरी लगोड़, जिला द.गढ़, (हि.प्र.)

Signature of President VFDS
President
VFDS Gahin Lagor

आशीषा देवी
प्रधान सचिव कोषाध्यक्ष
Signature of Group Secretary
स्वयं सहायता समूह कार्ड नं. 5,
गहरी लगोड़, जिला द.गढ़, (हि.प्र.)

आशीषा देवी

Cum
DMU - cum - DFO
Nurpur Forest Division
Nurpur Approved
DMU cum Nurpur