



Business Plan

On

Income Generation Activity

Bag making

By

**Self Help Group – Bhole
shankar**



VFDS name
Range
Division

Kotplahri
Nurpur
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 Bhole shankar SHG which falls under VFDS Kotplahri of Range Nurpur and division Nurpur. There are different types of bags such as school bags, travel bags, carry bags, sling bags, laptopbags 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 15 women of different age group came together to form a SHG on 09 March 2023 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 Bhole shankar SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This SHG consists of 16 females. The group will start making good quality 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 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	Bhole Shankar
2.	VFDS	Kotplahri
3.	Range	Nurpur
4.	Division	Nurpur
5.	Village	Kotplahri
6.	Block	Nurpur
7.	District	Kangra
8.	Total no. of members in SHG	15
9.	Date of formation	09-03-2023
10.	Bank a/c No.& IFSC code	50075645928 & KACE0000142
11.	Bank details	
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	Contact No.
1	Sunita devi	F	Karan singh	GEN	President	7018049046
2	Neelam devi	F	Shyam singh	GEN	Secretary	6230654743
3	Lovely devi	F	Rakesh singh	GEN	Member	8219943306
4	Reenu devi	F	Kewal singh	GEN	Member	9816689260
5	Suman kumari	F	Kikkar singh	GEN	Member	9625814530
6	Neelam devi	F	Pawan singh	GEN	Member	8628875775
7	Kamlesh devi	F	Vijay kumar	GEN	Member	8894635238
8	Geeta devi	F	Jai singh	GEN	Member	8689887358
9	Sanjogita devi	F	Balwan singh	GEN	Member	9816946399
10	Trishla devi	F	Kesar singh	GEN	Member	7807443559
11	Krishna devi	F	Amar singh	GEN	Member	8894325711
12	Archana bala	F	Dinesh singh	GEN	Member	9816766423
13	Renu devi	F	Choudhary singh	GEN	Member	8894816151
14	Santosh kumari	F	Roshan lal	GEN	Member	8219087126
15	Naresh devi	F	Tilak raj	GEN	Member	9816946113

4. Geographical details of the Village

1	Distance from the District HQ	70Km
2	Distance from Main Road	7 Km
3	Name of local market & distance	6 Km
4	Name of main market & distance	Nurpur 12 Km
5	Name of main cities & distance	Nurpur 12 Km, Pathankot 39 Km
6	Name of main cities where product will be sold/ marketed	Nurpur

5. Market Potential-

After learning the skill of bag making, this Bhole shankar 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 - Kotplahri
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	Bhole shankar Bags
6	Product "Slogan"	"Bhole shankar 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 15. 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 15 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- m a d e 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	15	1000	15000
7	Chairs & stool	15	800	12000
Total Capital Cost (A) =Rs 1,43,000				

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 15 members will be 968 hours(22*15*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	14300
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	14300
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	1,43,000	71500	71500
2	Total Recurring Cost	95150	0	95150
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
Total		288150	121500	166650

Note:

- i) Capital cost- 50% (all members belongs to General category) capital cost will be borne by the project and 50% 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 -

$$\begin{aligned} &= \text{Capital Expenditure/ (selling price (per bag)-cost of production (per bag))} \\ &= 1,43,000/(350-130) \\ &= 618 \end{aligned}$$

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%.

Group Members Photos



Resolution cum Group Consensus Form

It is decided in the general house meeting of the group Bhole Shankar held on 9-3-2023 at Kotplakhi 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).

प्रधान सचिव कोषाध्यक्ष
मोले शंकर (JICA) स्वयं सहायता समूह
वार्ड नं. 3, कोट प्लाखी
Signature of Group President

Suhita Devi

प्रधान सचिव कोषाध्यक्ष
मोले शंकर (JICA) स्वयं सहायता समूह
वार्ड नं. 3, कोट प्लाखी

Signature of Group Secretary

Neelam Devi

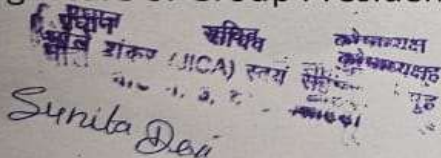
Business Plan Approval by VFDS & DMU

Bhole Shankar 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. 288150 has been submitted by group on 9/3/2023 and the business plan has been approved by the VFDS Kot Palahri

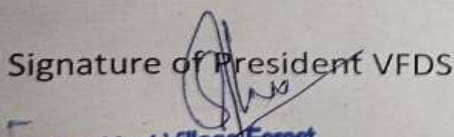
Business plan is submitted through FTU for further action please.

Thank you

Signature of Group President

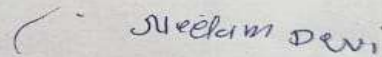

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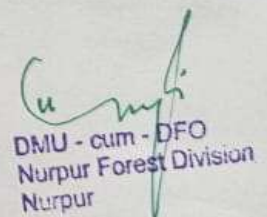
Signature of President VFDS


President Village Forest
Development Society
Kot-Palahri

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कमंड नं. 3, कोट पलाहरी

Signature of Group Secretary


Neelam Devi


DMU - cum - DFO
Nurpur Forest Division
Nurpur

Approved

DMU cum Nurpur