



Business Plan

On

Income Generation Activity

Bag making

By

Self Help Group– Jai Maa Santoshi



SHG Jai Maa Santoshi

VFDS Dhar Panyali

Range Nagrota Surian

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 Maa Santoshi SHG which falls under VFDS Dhar Panyali of Range Nagrota Surian 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 21 women of different age group came together to form a SHG on 8/9/2022 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 Jai Maa Santoshi SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This SHG consists of 21 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 has been crafted according to its investment capacity, marketing & promotional strategy and the detailed action plan will be discussed here under:

2. Description of SHG/CIG

1.	SHG/CIG Name	Jai Maa Santoshi
2.	VFDS	Dhar Panyali
3.	Range	Nagrota Surian
4.	Division	Dehra
5.	Village	Dhar Panyali
6.	Block	Dehra
7.	District	Kangra
8.	Total no. of members in SHG	21
9.	Date of formation	08/09/2022
10.	Bank a/c No. & IFSC code	0686000105189563 & PUNB0068600
11.	Bank details	PNB Haripur
12.	SHG/CIG monthly savings	1050rs
13.	Total saving in a month	12600rs
14.	Total interloaning	2000rs
15.	Cash Credit Limit	-
16.	Repayment status	1%

3. Beneficiaries Details						
Sr.no.	Name	M/F	Father/Husbandname	Category	Designation	Contactno.
1	Ramna Kumari	F	W/O Umesh Kumar	Gen	Pradhan	9805243169
2	Rita Devi	F	W/O Maan Singh	Gen	Secretary	8894276687
3	Babita Kumari	F	W/O Sunil Kumar	Gen	Treasurer	7807221985
4	Rama Kumari	F	W/O Devinder Singh	Gen	Member	7018249229
5	Anjana Devi	F	W/O Shamsher Singh	Gen	Member	7807251610
6	Rekha Devi	F	W/O Rajesh Kumar	Obc	Member	7807058309
7	Babita Kumari	F	W/O Poonam Singh	Obc	Member	9805581345
8	Shashi Bala	F	W/O Suman Singh	Gen	Member	7018079689
9	Shushma Devi	F	W/O Bhikam Singh	Gen	Member	9816194746
10	Anchal Kumari	F	W/O Bharat Bhusan	Obc	Member	9876136598
11	Shushma Devi	F	W/O Paramjit	Obc	Member	9816811534
12	Manu Bala	F	W/O Jaswant Singh	Obc	Member	7807382180
13	Neelam Kumari	F	W/O Vikram Singh	Gen	Member	7807616693
14	Anju Bala	F	W/O Hemraj	Obc	Member	9805382793
15	Neelam Kumari	F	W/O Gulshan	Obc	Member	9805829626
16	Ravita Kumari	F	W/O Pardeep Kumar	Obc	Member	9815469121
17	Salochana Devi	F	W/O Bahadur Singh	Obc	Member	9805591216
18	Ranjana Devi	F	W/O Om Prakash	Obc	Member	9816810293
19	Soma Devi	F	W/O Surjeet Singh	Obc	Member	9816175140
20	Kiran Devi	F	W/O Munish Kumar	Obc	Member	8894180864
21	Kamla Devi	F	W/O Kavi Raj	Obc	Member	-

4. Geographical details of the Village

1	Distance from the District HQ	51 Km
2	Distance from Main Road	1 km
3	Name of local market & distance	Haripur & 5 km
4	Name of main market & distance	Haripur & 5 km
5	Name of main cities & distance	Kangra, Dehra & 32, 23 km
6	Name of main cities where product will be sold/marketed	Kangra, Dehra, Nagrota Surian

5. Market Potential-

After learning the skill of bag making, this Jai Maa Santoshi 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-Barial
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 Maa Santoshi
6	Product "Slogan"	"Jai Maa Santoshi-best in quality"

6. Executive Summary-

Bagmaking income generation activity has been selected by this Self-Help Group. This GA 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 labor between the members has been planned carefully so that each contributes towards strengthening the IGA and resulting in the additional money into their pockets.

7. Description of product related to Income Generating Activity-

1	Name of the Product	School bags, hand bags, 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 21. 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 2100 hours monthly.
- The group will make 30 to 40 bags per day initially later with experience they can increase the number. In a month
- , the group will make approx. of 1040 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 300.
- 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 21 out of total numbers of SHG members working hours in a month will be 2100 hours (25 days). Total Labour days in a month for the whole group will be 262 days (2100 ÷ 8). The Labour cost comes out to be Rs 91700 (262 × 350).

9. Description of Production planning-

1	Production per cycle(month)	1 month=1040bags
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	30-40bagsperday

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 too 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.

❖ 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 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.
 - ❖ Competitivemarket.

12. Description of Economics-

A. Capital Cost				
S.No.	Particulars	Quantity	UnitPrice	Amount(Rs)
1	Barial Bag Making Machine(95T10) with Motor & stand	11	10000	110000
2	Barial BagMaking Machine (95T10) with stand	10	8500	85000
3	Wooden counter Table	2	5000	10000
4	Mat	4(8×10)	3000	12000
5	Steel Racks	4	4000	16000
6	Tool Kit	21	1000	21000
7	Chair & Stool	21	500	10500
Total Capital Cost (A) = 264000				

B.RecurringCost					
Sr. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Mattycloth	Mtr	442 mtr	120	53040
2	Parachutefabric cloth	Mtr	208 mtr	80	16640
3	Jute Fabric	Mtr	182 mtr	100	18200
4	Bag Sticker		2100	3	6300
5	Kunde/Lock/Button	Kg	3	1800	5400

6	Hall rent, & stationery expenses	LS	1	3000	3000
7	Foam & Plane Printed lining fabric	Mtr.	416	110	45760
8	Thread Reel 6,8,10	Nos	260	60	15600
9	Machine Needle 21, 23No's	-	260	10	2600
10	Marker & Measurement Tape	-	-	-	1000
11	Runner 5&8 No's	Dozen	104	45	4680
12	Tani Bag	KG	650	8	5200
13	Tani Bag	KG	650	6	3900
14	Chain5 No.	Mtr	520	6	3120
15	Chain8 No.	Mtr	468	10	4680
16	Labour work will be done by SHG members				-
Total Recurring Cost (B) = 189120					

C. Cost of production (Monthly)		
S.No.	Particulars	Amount
1	Total recurring cost	189120
2	10% depreciation annually on capital cost	26400
Total= <u>215520</u>		

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/GirlssideCollegeBag)	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	26400
2	Total Recurring Cost	189120
3	Total production of bag per month	1040 (approx all sizes 100,80,60)
4	Selling Price of per bag	40 to 400
5	Income generation	364000
6	Net profit (Income generation- Recurring cost)	174880
7	Gross profit (Net Profit-Labour Cost)	83180/-
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	264,000	198000	66000
2	Total Recurring Cost	189120	0	189120
3	Training/capacity building/skill up-gradation.	50,000	50,000	0
Total		503120	248000	255120

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	✧ 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 will be	Procurement Of machines/eq Uipment will be done by
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	<p>Borne by project.</p> <ul style="list-style-type: none"> ✧ Up to Rs1 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. 	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-gradations proposed/needed:

- ✧ Cost-effective procurement of raw material
- ✧ Quality control
- ✧ Packaging and Marketing
- ✧ Financial Management

17. Computation of break-even point-

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

$$= 264,000 / (207 - 350) = 1846$$

In this process break-even will be achieved after making 1846 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 monitor 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%.

Group Member Photos :-



Business Plan Approved by VFDS & DMU

Business Plan Approval by VFDS & DMU

Jai Maan Santoshi Group will undertake the Bajmatiaing as livelihood income Generation Activity under the Project for implementation of Himachal Pradesh Forest Ecosystem Management and livelihood (BCA assisted). In this regard business plan of amount Rs. 503120/- has been submitted by group on 28-12-2021. And the business plan has been approved by the VFDS Dhax Parijoli


Business Plan is submitted through FTU for further action please

Thank you


Signature of Group President
Ramna Kumari

Signature of Group Secretary
Rita Devi

Signature of President VFDS



Suman Singh


Approved

DMU-CUM-Dehra

Submitted to DMU through FTU


Name & Signature of FTU Officer


Name & Signature of FTU Coordinator
Som Nath Deputy Ranger
I/c Haripur Beat

Approved

Name & Signature of DMU Officer

