

# BUSINESS PLAN

Income Generating Activity – Knitting

By

Samridhi- Self Help Group



SHG/CIG Name	::	Samridhi
BMC Name	::	Raugi
BMC sub committee		Raugi
Range	::	Manali(WL)
Division	::	Kullu(WL)

**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 IGA and they do it happily in their 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 IGA so that they can earn extra money to meet their expenses and rise some saving also for the difficult times. A group of 10 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 IGA in collective manner and raise their additional income.

## 2. **Background**

Knitting center by Than SHG will be located at village Raugi P.O.Kararsu Tehsil Kullu, Distt. Kullu HP. The total households in village Raugi is small village surrounding Kotadhar and Soyal for which this Knitting centre will cater for. This centre will provide excellent service and guide 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	::	Samridhi
2.2	BMC	::	Raugi
2.3	Range	::	Manali (WL)
2.4	Division	::	Kullu(WL)
2.5	Village	::	Raugi
2.6	Block	::	Naggar
2.7	District	::	Kullu
2.8	Total No. of Members in SHG	::	10- females
2.9	Date of formation	::	5/6/2018
2.10	Bank a/c No.	::	2430000100209498
2.11	Bank Details	::	PNB Scobagh
2.12	SHG/CIG Monthly Saving	::	100/-
2.13	Total saving	::	30000/-
2.14	Total inter-lending	::	--
2.15	Cash Credit Limit	::	--
2.16	Repayment Status	::	--

#### 4. Beneficiaries Detail:

S.No	Name Of Candidate	Father/Husband Name	Ward Name	Category	Contact No	Designation
1	Geeta Devi	Mehar Chand	Raugi	Sc	8544769680	President
2	Pushpa Devi	Amar nath	Raugi	Sc	9736153032	Secretary
3	Chitru devi	Bhag Chand	Raugi	Sc	8626860711	Cashier
4	Phulma Devi	Prem Chand	Raugi	Sc	6230617536	Member
5	Sheela Devi	Manoj Kumar	Raugi	Sc	8894945714	Member
6	Anita Devi	Lal Chand	Raugi	Sc	7018562266	Member
7	Reeta Devi	Chamaru Ram	Raugi	Sc	9805731619	Member
8	Geeta Devi	Shmsheer Singh	Raugi	Sc	8278727682	Member
9	Tarju	Ved Ram	Raugi	Sc	9816426132	Member
10	Banti Devi	Bhagat Ram	Raugi	Sc	8894925770	Member

## 5. Geographical details of the Village:

3.1	Distance from the District HQ	::	15 Km
3.2	Distance from Main Road	::	1 Km
3.3	Name of local market & distance	::	Kullu, 15Km
3.4	Name of main market & distance	::	Kullu ,15 Km
3.5	Name of main cities & distance	::	Kullu,15Km
3.6	Name of places/locations where product will be sold/ marketed	::	Kullu,15 Km

## 6. Management

Knitting centre by Than SHG has 10 women members and they will have individual knitting machines and will hire a 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 to this activity at a bit larger scale and in a planned manner. 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.

## 8. Customers

The primary customers of our centre will mostly be local people around village Raugi but later on this business can be scaled up by catering to nearby small townships.

## 9. Target of the centre

The centre primarily aims at to provide unique modern and high class knitting service to the residents of village Raugi 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. The reason 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. SWOT Analysis

### ❖ Strength

- Activity is being already done by some SHG members
- Raw material easily available from nearby 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	Punch card knitting machine	8	26000	208000
2	Knitting machine (Simple)	2	10000	20000
3	Knitting design book			-
4	Gola making machine	10	1500	15000
5	Soltak table	10	2000	20000
6	Plastic chairs	0		-
<b>Total capital cost</b>				<b>263000</b>

<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	50000	50000
4.	Lubricating oil & pippet	Per month	1000	1000
5.	Wear & tear	Per month L/S	1000	1000
<b>Total Recurring cost</b>				<b>54500</b>



### 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 to start with it is estimated that each 3 member will stitch one Sweater in a day, 5 Member will make socks in a Day and 2 Member will make baby sets complete in all respect. The charges as on today for simple sweter is approximately 800 per Sweater. On an average the 3 members of group may stitch 90 sweater in a month Therefore the total output of the group is estimated  $90 \times 800 = \text{Rs } 72000/-$  only. The charges as on today for woolen Socks is approximately 200 per socks. On an average the 5 members of group may stich 300 woolen Socks in a month Therefore the total output of the group is estimated  $300 \times 200 = \text{Rs } 60000/-$  only. The charges as on today for baby sets is approximately 400 per set. On an average the 2 members of group may stich 60 baby set in a month Therefore the total output of the group is estimated  $60 \times 400 = \text{Rs } 24000/-$  only Therefore the total output of the group is estimated Rs 1,56,000/- only.

Particulars	Total Amount (Rs.)	Project Contribution (75%)	SHG contribution (25%)
Total capital cost	263000	197250	65750
<b>Recurring cost</b>			
10% depreciation on capital cost/ month	2191	-	2191
Other expenditure per month	54500	-nil-	54500
<b>Total</b>	<b>56691</b>		56691

However an amount of rupees 197250 is the project support therefore for calculation purpose 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	263000	65750
<b><u>Recurring expenditure</u></b>		
i) 10% depreciation on capital cost per month	2191	
i) Other expenditure on material cost etc.	54500	
<b>Total</b>	<b>56691</b>	<b>56691</b>
<b>Total cost</b>	<b>65750+56691=1,22,441</b>	
<b>Total sale in 1<sup>st</sup> month</b>	<b>1,56,000</b>	
<b>Net profit</b>	<b>33559</b>	

### 13. Sharing of the profit

The members of SHG has mutually agreed with consent voice that in the 1<sup>st</sup> month Rs. 3000 will be paid to each member as income and the remaining profit of Rs. 3559 will be kept as emergency reserve in their bank account to meet up the future contingency, if any.

### 14. 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	263000	197250	65750
2	Total Recurring Cost	56691	0	56691
3	Trainings	45000	45000	0
	<b>Total outlay</b>	<b>364691</b>	<b>242250</b>	<b>122441</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

## 15. 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>• Upto 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>	

## 16. 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

17. **Loan Repayment Schedule**-If the loan is availed from bank it will be in the form of cash credit limit and for CCL there is no 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.

## 18. **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.

## 19. **Remarks**

Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Samridhi  
held on 05-06-2018 at Raugi that our group will undertake the  
knitting as Livelihood Income Generation Activity under the Project for  
Implementation of Himachal  
Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

गीता कौर  
Signature of Group President

Raugi  
Signature of Group Secretary

Signature of President BMC

[Signature]  
Signature of FTU-Cum-Ranger  
Wild Life Range Raugli


[Signature]  
President / Sec. / Treas  
BMC Sub-Committee Raugi  
Teh. & Distt. Kullu (H.P.)

Approved

[Signature]  
Wild Life Division KULLU

[Signature]  
Divisional Management Unit Officer-Cum-  
Divisional Forest Officer, Wild Life Division,  
Kullu, District Kullu.

**Group members Photos-**

 <p>Phulma Devi(Member)</p>	 <p>Geeta Devi(Member)</p>	 <p>Pushpa Devi(Sachiv)</p>
 <p>Chitru Devi(Member)</p>	 <p>Reeta Devi(Member)</p>	 <p>Tarju Devi(Member)</p>
 <p>Anita Devi (Member)</p>	 <p>Geeta Devi(Pardhan)</p>	 <p>Sheela Devi (Member)</p>
 <p>Banti Devi(Member)</p>		

