

# Business Plan



## Income Generation Activity Bag making

By

Self Help Group– Jai Maa Santoshi



NAME OF THE VFDS	DHAR PANIYALI
NAME OF THE RANGE	NAGROTA SURIAN
NAME OF THE DIVISION	FOREST DIVISION DEHRA
NAME OF THE CIRCLE	HAMIRPUR
NAME OF THE SHG	MAA-SANTOSHI SELF HELP GROUP

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 Paniyali 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 10 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 09 females. The group will start making good qualities 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 have 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 Paniyali
3.	Range	Nagrota Surian
4.	Division	Dehra
5.	Village	Dhar Paniyali
6.	Block	Dehra
7.	District	Kangra
8.	Total no. of members in SHG	10
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	1000/-
13.	Total saving in a month	12600rs
14.	Total interloaning	2000rs
15.	Cash Credit Limit	-
16.	Repayment status	1%

Sr.no.	Name	M/F	Father/Husband name	Qualification	Designation	Contact no.
1	Jyoti	F	W/O Dimple Kumar	12 <sup>th</sup>	President	8847659280
2	Meena Kumari	F	W/O Anurag	MA	Secretary	8580728980
3	Anchal Kumari	F	W/O Bharat Bhusan	10 <sup>th</sup>	Member	9876136598
4	Ravita Kumari	F	W/O Pardeep Kumar	10 <sup>th</sup>	Member	9815469121
5	Salochana Devi	F	W/O Bahadur Singh	12 <sup>th</sup>	Member	9805591216
6	Ranjana Devi	F	W/O Om Prakash	12 <sup>th</sup>	Member	9816810293
7	Meena Kumari	F	W/O Kamal Singh	12 <sup>th</sup>	Member	8629087991
8	Manu Bala	F	W/O Jaswant Singh	B. ED	Member	9816663564
9	Neha Chaudhary	F	W/O Kapil Dev	12 <sup>th</sup>	Member	8580938817
10	Simita Rani	F	W/O Sudesh Kumar	8 <sup>th</sup>	Member	8091464519

#### 4. Geographical details of the Village

1	Distance from the District HQ	51Km
2	Distance from Main Road	1km
3	Name of local market & distance	Haripur & 5 km
4	Name of main market & distance	Haripur & 5km
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/intuitions.
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 have been planned carefully so that each 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, 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 10. 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 1000 hours monthly.
- The group will make 20 to 40 bags per day initially later with experience they can increase the number in a month.
- The group will make approx. of 875 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 10 out of total numbers of SHG members working hours in a month will be 1000 hours (25 days). Total Labour days in a month for the whole group will be 125 days (1000÷8). The Labour cost comes out to be Rs. 43750/- (125×350).

## 9. Description of Production planning-

1	Production per cycle(month)	1 month=875 bags
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	20-40 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.
- ❖ 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.
- ❖ Competitive market.

## 12. Description of Economics-

<b>A. Capital Cost</b>				
<b>Sr. No.</b>	<b>Particulars</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Amount (Rs)</b>
1	Bag Making Machine with Motor & stand	08	9000/-	72000/-
2	Bag Making Machine with simple stand	01	6500/-	6500/-
3	Simple Machine	01	5000/-	5000/-
4	Scissor	10	400/-	4000/-
5	Almirah	08	15000/-	120000/-
7	Chair & Stool	10	800/-	8000/-
8	Press	05	800/-	4000/-
9	Transport	LS	1500/-	1500/-
10	Other Material (Raw Material, Bag Lock Button,	LS	3000/-	3000/-
<b>Total Capital Cost (A) =Rs. 224000/-</b>				

<b>B. Recurring Cost</b>					
<b>Sr. No.</b>	<b>Particulars</b>	<b>Unit</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Total Amount (Rs)</b>
1	Matty cloth	Mtr	442 mtr	120	53040
2	Parachute fabric 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/-					

<b>C. Cost of production (Monthly)</b>		
<b>Sr.No.</b>	<b>Particulars</b>	<b>Amount</b>
1	Total recurring cost	189120
2	10% depreciation annually on capital cost	22400
<b>Total = 211520/-</b>		

<b>D. Selling price calculation</b>			
<b>Sr.No.</b>	<b>Particulars</b>	<b>Unit</b>	<b>Amount</b>
1	Cost of production (carry Bags)	1	Approx Rs.20,60,100,130,400
2	Expected selling price (School/Girls side College Bag)	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)		
Sr. No.	Particulars	Amount
1	10% depreciation annually on capital cost	22400/-
2	Total Recurring Cost	189120/-
3	Total production of bag per month	875 (approx all sizes 100,80,60)
4	Selling Price of per bag	40 to 400
5	Income generation	306250/-
6	Net profit (Income generation- Recurring cost)	117130/-
7	Gross profit (Net Profit-Labour Cost)	73380/-
8	Distribution of net profit	<ul style="list-style-type: none"> <li>✓ Profit will be distributed equally among members monthly/yearly basis.</li> <li>✓ Profit will be used for further investment in IGA</li> </ul>

### 14. Fund flow arrangement in SHG -

Sr. No	Particulars	Total Amount (Rs)	Project Contribution 75 %	SHG contribution 25%
1.	Total capital cost	Rs. 224000/-	Rs. 168000/-	Rs. 56000 /-
2.	Total Recurring Cost	Rs. 189120/-	0	Rs. 189120/-
3.	Training/capacity building/skill up-gradation.	Rs. 60,000/-	Rs. 60,000/-	0
<b>Total</b>		<b>Rs. 473120/-</b>	<b>Rs. 228000/-</b>	<b>Rs. 245120/-</b>

**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 Borne by project.	Procurement Of machines/equipment will be done by
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		<ul style="list-style-type: none"> <li>✧ Up to Rs1 lakhs will be parked in the SHG bank account.</li> <li>✧ Training/capacity building/skill up-gradation cost.</li> <li>✧ 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.</li> </ul>	Respective DMU/FCCU After following all codal formalities.	
	SHG Contribution	<ul style="list-style-type: none"> <li>✧ 50% or 25% of capital cost to be borne by SHG for general category and other categories respectively.</li> <li>✧ 25% of capital cost to be borne by project if the group is women group.</li> <li>✧ Recurring cost to be borne by SHG.</li> </ul>		

## **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**

$$\begin{aligned} &= \text{Capital Expenditure} / [\text{selling price (per bag)} - \text{cost of production (per bag)}] \\ &= 224000 / (350 - 875) = 427 \text{ Bags} \end{aligned}$$

In this process break-even will be achieved after making 427 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: -**



**Prepared By:**

Madan Lal Sharma (Retd. HPFS)  
Deeksha Devi (SMS)  
Kanu Guleria (FTU)

## Business Plan Approved by VFDS & DMU

### BUSINESS PLAN APPROVAL BY VFDS & DMU

*Maa-Lontali* Group will undertake the *Bag-making* livelihood Income Generation Activity under the project for implementation of Himachal Pradesh Forest Ecosystem Management & livelihood (JICA assisted). In this regard business plan of amount Rs. *47,31,82/-* has been submitted by group on *28/09/2022* And the business plan has been approved by the VFDS. *Dhar Loniya*

Business plan submitted through FTU for further action please.

Thank you

*Jyoti*

Signature of Group President

*मीना कुमारी*

Signature of Group Secretary

*[Signature]*  
Approved

DMU – CUM - Dehra



## Resolution

### Resolution - cum - Group Consensus Form

It is decided in the General House meeting of the group *Maa-Lunkhali* at *Pharlanigali* that our group will undertake the *Bag-making* as Livelihood Income Generation Activity under the Project for improvement of Himachal- Pradesh Forest Ecosystem Management & Livelihoods ( JICA Assisted).

*Syoti*


Signature's of Group Pradhan

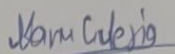
*मीना कुमारी*

Signature's of Group Secretary

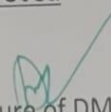
**Submitted through FTU**

**Submitted to DMU through FTU**

  
Name & Signature of FTU Officer  
Range Forest Office,  
kangra (H.P)

  
Name & Signature of FTU Coordinator

**Approved**

  
Name & Signature of DMU officer





