

BUSINESS PLAN

INCOME GENERATING ACTIVITY – Bag Making

by

Naina-Self Help Group(Kothi –Tobka)



SHG/CIG Name	::	Naina
VFDS Name	::	VFDS KothiTobka
Range	::	Ghumarwin
Division	::	Bilaspur

Prepared Under–



**Project for Improvement of Himachal Pradesh Forest Ecosystems
Management & Livelihoods (JICA Assisted)**

Table of Contents

Sr. No.	Particulars	Page/s
1	Table contents	1
2	Description of SHG/CIG	2
3	Beneficiaries Detail	3
4	Geographical details of the Village	3
5	Executive Summary	3-4
6	Description of product related to Income Generating Activity	4
7	Description of production process	4-5
8	Description of Production Planning	5
9	Estimate cost of raw material per cycle /per month	5
10	Description of marketing /sale	6
11	Swot Analysis	6-7
12	Description of management among members	7
13	Description of Economics	8-9
14	Analysis of income and expenditure monthly	9
15	Fund requirement	9-10
16	Sources of Fund	10
17	Trainings/capacity building/ skill up gradation	10
18	Bank Loan Repayment	10
19	Monitoring Method	11
20	Individual Photo of each Member	12
21	Group Photo	13
22	Anexure -I	14
23	Anexure-II	15
24	Anexure-III	16
25	Anexure-IV	17
26	Anexure-V	18

2.

1. Description of SHG/CIG

1	SHG/CIG Name	::	Naina	
2	VFDS	::	KothiTobka	
3	Range	::	Ghumarwin	
4	Division	::	Bilaspur	
5	Village	::	KothiTobka	
6	Block	::	Ghumarwin	
7	District	::	Bilaspur	
8	Total No. of Members in SHG	::	10 - females	
9	Date of formation	::	3-09 -2021	
10	Bank a/c No.	::	11010128971, IFSC code=HPSC0000110	
11	Bank Details	::	HP Coopreative bank Ghumarwin	
12	SHG/CIG Monthly Saving	::	50/-	
13	Total saving	::	6000/-	
14	Total inter-loaning	::	Nil	
15	Cash Credit Limit	::	Nil	
16	Repayment Status	::	Nil	

2. Beneficiaries Detail:

Sr.No	Name	Father/Husb and Name	Age	Category	Income Source	Address
1	KamleshKumari	RoshanLal	34	SC	Agriculture	Vill.KothiTobka P.OKothi
2	JyotiKumari	SanjeevKumar	27	Gen.	Agriculture	Vill.KothiTobka P.OKothi
3	Kumari Anita	Pawankumar	36	SC	Agriculture	Vill.KothiTobka P.OKothi
4	Bimbladevi	Chanchal Singh	27	SC	Agriculture	Vill.KothiTobka P.OKothi
5	AnchanaKumari	Kulwant Singh	34	SC	Agriculture	Vill.KothiTobka P.OKothi
6	Kamala Devi	RagunandP athak	62	Gen.	Agriculture	Vill.KothiTobka P.OKothi
7	Veena Devi	Om Prakash	35	Gen	Agriculture	Vill.KothiTobka P.OKothi
8	Kanta Devi	MahendarSingh	35	S.C	Agriculture	Vill.KothiTobka P.OKothi
9	VeenaDevi	Rajesh Kumar	34	SC	Agriculture	Vill.KothiTobka P.OKothi
10	Jyotidevi	Jaspal	34	Gen.	Agriculture	Vill.KothiTobka P.OKothi

3. Geographical details of the Village

1	Distance from the District HQ	::	27 km
2	Distance from Main Road	::	50 mtr.
3	Name of local market & distance	::	Kothi ½ Km
4	Name of main market & distance	::	Ghumarwin, 5 Km
5	Name of main cities & distance	::	Bilaspur, 27 Km
6	Name of main cities where product will be sold/ marketed	::	Bilaspur, Ghumarwin

4. Executive Summary

Bag making income generation activity has been selected by Naina Self Help Group under VFDS of Kothi- Tobka. This IGA will be carried out by all ladies of this SHG. Bag making is a new concept for this group but almost all the members are trained in sewing the clothes and they are sure that they will stitch the bags also after getting some training. After discussion in a series of meeting they have decided to take this activity for their livelihood improvement. There is a sufficient demand of school bags, handbags, luggage bags, purses for ladies and gents and carry bags in the surrounding markets. There are approximately more than 30 Schools situated in the nearby city Ghumarwin. In addition to these schools, more than 30 Govt./Public schools are functioning in the rural areas surrounding the works site of this group. Hence there is a huge demand of school bags in the

area.all though the demand of other type of bags is also very high in the area but initially

4.

the group has decided to make School bags only at first instant and thereafter other type of bags will be added later on.At present, such material is being imported by the shopkeepers of nearby market from outside the state in a large and very small quantity is being manufactured by the small scale manufacturers of the area. After several meetings of the group it has been decided by the group finally that keeping in view the demand of such bags ,in the near by market , this activity will definitely be a income generation activity for the group .All the members consented in all for this IGA and passed the resolution .

5.Description of Product related to Income Generating Activity

1	Name of the Product	::	School bags,handbags,luggagebags,purses for ladies and gents and carry bags .
2	Method of product identification	::	The group along with JICA staff held many meetings to identify the livelihood activity and discussed on some issues like availability of raw material in the locality,skill for preparation of product marketing status and then all SHG Members agreed to adopt school Bag making initially and later on more product of similar process will be added .
3	Consent of SHG/ CIG / cluster members	::	All SHG members are agreed and passed resolution with all consent .

6.Description of Production Processes

- Group will make school bags initially and later on hand bags ,Luggage Bags, Purses etc. will be added .This business activity will be carried out whole year by the group members.
- The process of making 450 nos. of School Bags takes around one month and the all 10 members of the group will work for average 4 hours daily because they could not work for the whole day due to their other agriculture and domestic work. Average 5 days weekly holiday is required by them for their domestic work .Hence 1 member will work for 4 hour*25 days during the month and therefore each member will work for 100 hours in a month.The total men days for 10 members will be comes out $100 \times 10/8 = 125$ days .The total labour cost comes out $125 \times 300/- = 37500/-$ In this way the labourcost per bag will be Rs.83.33. due to working on hood machine .
- Based on assumption/experience 1 School Bag will be manufactured by using material i.e. Mattie cloth Jeep, Locks,

Sticker, Wire covering ,Niwar etc. .Cost of which comes out to rupees 320 /-

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- The cost for manufacturing one bag will be Rs. 320 /- +Rs.83.33=Rs.403.33 or says Rs.403/-
- Initially group will manufacture 450 bags per month and in future other type of bags will be added and manufactured according to market demand

7 . Description of Production Planning

1	Production Cycle (in days)	::	1 month for a lot of 450 bags
2	Manpower required per cycle/ Month .	::	10 ladies for 125 men days during the month.
3	Source of raw materials	::	Local market/ Main market
4	Source of other resources	::	Local market/ Main market
5	Quantity of raw material required per cycle /month	::	1.Canvas cloth =450mtr. 2.Jip = 1350 no. 3.Niwar = 900mtr 4. Adjuster = 1800no. 5.Parachute cloth =225mtr. 6. Foam = 112mtr. 7.R-1 cloth for partition =150mtr.
6	Expected production per cycle /month	::	450 School bags.

8.Estimated Cost of raw material per cycle /per month .

Sr.no	Raw material	unit	Time	Quantity	Amount per unit (Rs)	Total amount	Expected production Monthly	Expected Sale Value
1	Canvas cloth	mtr	Monthly	450mtr	120 /-	54000/-	450 bags	450 Bags @500 each =2,25,000
2	Jip	no.	Monthly	1350 no	15/-	20,250/-		
3	Niwar	mtr	Monthly	900mtr	15/-	13,500/-		
4	Adjuster	no.	Monthly	1800 no	5/-	9000/-		
5	Parachute cloth	mtr	Monthly	225mtr	80/-	18,000/-		
6	Foam	mtr	Monthly	112mtr.	130/-	14,560/-		
7	R-1 cloth for partition	mtr	Monthly	150mtr.	150/-	22,500/-		
				Total		1,51,810/-		2,25,000/-

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9 .Description of Marketing/ Sale

1	Potential market places	::	Bilaspur,Ghumarwin,Bhager,Kuthera 28km, 7km 12 km 6 km
2	Distance from the unit	::	respectively
3	Demand of the product in market place/s	::	High demand at the time of starting of new batch /classes in the school i.e April in each year and there after low demand during the entire year .The group therefore manufacture the maximum quantity during February to March and hold the stock till April .
4	Process of identification of market	::	Group members, according to their production potential and demand in market, will select/list retailer/whole seller. Initially product will be sold in near markets.
5	Marketing Strategy of the product		SHG members will directly sell their product through village shops.The group will also supply their product to the retailers and whole sellers in the near bymarket .
6	Product branding		"Naina" Bags
7	Product "slogan"		"Use Naina Bags and promote handicraft "

10.SWOT Analysis

❖ Strength–

- Group members are well conversant with the working on sewing machine.
- Raw material easily available in the nearby market Ghumarwin.
- Manufacturing process is simple
- Proper packing and easy to transport
- Product is non-perishable and its self-life is long

Weakness–

- Demand is seasonal i.e.in April at the time of starting of new session /classes in the schools.
- High competition with the factory made bags presently being imported by the local traders from other states specially from Ludhiana .

- Lack of confidence in the group members regarding success of business .

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- Shortage of reserve fund with the group to invest on the raw material and to wait for the sale of product.

Opportunity–

- High demand in starting school session i.e. during April every year.
- The major city Ghumarwin which is near to the Location of group is a school education hub having more than 25 schools (Private /Govt.)Functioning within it and having a sufficient demand of school bags. In addition to above ,so many schools are functioning in the rural areas of Ghumarwin Sub-Division and the demand of school bags in the rural markets also remain high during the starting session of school. At present a maximum quantity of school bags is being imported by the local traders from outside the state. Only few manufacturers of school bags are exist in the nearby locality .Hence the marketing of the product is easy in the nearby markets .

❖ Threats/Risks–

- Risk of conflict in the group members
- All the members are not heaving equal skill /work capacity hence in future there will be a conflict about distribution of wages /profit.
- Competition with the factory made bags.

11. 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 etc.)
 - Some group members will involve in Production process.
 - Some group members will involve in Packaging and Marketing.
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12. Description of Economics:

A. CAPITAL COST				
Sr.No	Particulars	Quantity	Unit Price	Total Amount (Rs.)
1	Bag making machine (Hood machine)	1 no.	35,000/-	35,000/-
2	Sewing machine with paddle stand	5 no	6500/-	32500/-
3	Steel Racks	4no.	4,000/-	16,000
4	Scissors	10no.	300/-	3,000/-
5	Wooden stools	10no.	500/-	5000/-
6	Office table	1 no.	4,000/-	4,000/-
7	Chairs	4 no.	1500/-	6,000/-
8	Other overhead charges	L/S	L/S	10,000/-
Total Capital Cost (A) =				1,11,000/-

B. Recurring Cost

Sr.no	Raw material	unit	Time	Quantity	Amount per unit (Rs)	Total amount
1	Canvas cloth	mtr	Monthly	450mtr	120 /-	54000/-
2	Jip	no.	Monthly	1350 no.	15/-	20,250/-
3	Niwar	mtr	Monthly	900mtr.	15/-	13500/-
4	Adjuster	no.	Monthly	1800no.	5/-	9000/-
5	Parachute cloth	mtr	Monthly	225mtr.	80/-	18,000/-
6	Foam	mtr	Monthly	112mtr.	130/-	14560/-
7	R-1 cloth for partition	mtr	Monthly	150 mtr.	150/-	22,500/-
8	Rent of working place /hall	No.	Monthly	1	1,000/-	1,000/-
9	Electricity ,Water&Stationary charges	L/S	Monthly	L/S	L/S	1,000/-
10	Labor (Labor will be done by SHG members 4 hours daily for 25 days each*10members	Men days	Monthly	125men days	@300/-	37,500/-
					Total Recurring cost	1,91,310/-
Note: Net Recurring cost = Total recurring cost –Labor cost =1,91,310-37,500/-						1,53,810/-

C. Cost of Production (Monthly)		
Sr. No	Particulars	Amount (Rs)
1	Total Recurring Cost	1,53,810/-
2	10% depreciation annually on capital cost	11,100/-
	Total	1,64,910/-

13 Analysis of Income and Expenditure (Monthly):					
Sr.No	Particulars	Unit	Quantity	Rate per unit	Amount (Rs)
1	Cost of Production	No.	450 bags	366.47	1,64,911/- or says 1,64,910/-
2	Expected Selling Price by SHG	No.	Per bag	500/-	2,25,000/-
3	Current market price	No.	450bags	500/-	2,25,000/-
4	Total expected income will be =Sale amount – Recurring cost= 2,25,000/- (-)1,64,910 =				60,090/-
5	Net profit after deduction of wages of group members 60,090/-(-)37,500				22,590/-per month

14.Fundrequirement:

Sr. No	Particulars	Total Amount (Rs)	Project Contribution			SHG Contribution
			Total project share	1 st instalment 50%	2 nd instalm ent 25%	
1	Total capital cost	1,11,000/-	83,250/-	55,500/-	27,750/-	27,750/-
2	Total Recurring Cost	1,53,810	--	--	--	1,53,810/-
3	Trainings/capacity building/ skill up-gradation	40,000/-	40,000	--	---	--
	Total	3,04,810/-	1,23,250/-	55,500/-	27,750/-	1,81,560/-

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Note-

- **Capital Cost** - 75% of capital cost to be covered under the Project
- **Recurring Cost** - To be borne by the SHG/CIG.
- **Trainings/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 given by the project• Upto Rs1 lakh will be parked in the SHG bank account (as Revolving Fund).• Trainings/capacity building/ skill up-gradation cost will be borne by the project.• In case SHG take loan from bank 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.
SHG contribution	<ul style="list-style-type: none">• 25% of capital cost to be borne by SHG• Recurring cost to be borne by SHG

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:

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

17. 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 have to pay the installments of the Principal amount on regular basis
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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.

Some key indicators for the monitoring are as:

- Size of the group
 - Fund management
 - Investment
 - Income generation
 - Production level
 - Quality of product
 - Quantity sold
 - Market reach
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Individual Photo Of each member:-



Jyoti Kantadevi

Kamlesh Kamala devi



Jyoti Kumari Anita

Vimla Devi

Anchana Kumari



Veenadevi

Veenadevi

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Naina SHG Group Photos-

