



**Business Plan**

On

**Income Generation Activities**

**Bag-making**

By

**Self Help Group– Barial Bag Making**



SHG/CIG name/VFDS name - Barial Bag Making

Range - Nagrota Surian

Divison - Dehra Divison

**Prepared Under-**

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

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## 1.Introduction-

Bagmaking is the income generation activity that has been decided by Barial Bag Making SHG which falls under VFDS Ghar of Barial 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 issued all age groups.

Group of 13 women of different age group came together to form a SHG on 9/9/2022 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 Sidh Mahadev SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This Consists of 13 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 actionplan will be discussed here under:

## 2.Description of SHG/CIG

1.	SHG/CIG Name	Barial Bag Making
2.	VFDS	Ghar Barial
3.	Range	Nagrota Surian
4.	Division	Dehra
5.	Village	Barial
6.	Block	Nagrota Surian
7.	District	Kangra
8.	Total No. of members in SHG	13
9.	Date of formation	09-09-2022
10.	Banka/c No.& IFSC code	50100577784521
11.	Bank details	HDFC Bank
12.	SHG/CIG monthly savings	50Rs
13.	Total saving in a month	650rs
14.	Total inter loaning	-
15.	Cash Credit Limit	-
16.	Repayment status	1 %

### 3. Beneficiaries Details

Sr.no.	Name	M/F	Father/Husband Name	Category	Designation	Contact no.
1	Reena Devi	F	W/O Balwinder Singh	GEN	Pradhan	8894965240
2	Darshna Devi	F	W/O Ashok Kumar	SC	Treasurer	8627976659
3	Ritu Devi	F	W/O Rashpal Singh	GEN	Member	9816878687
4	Sapna Devi	F	W/O Deepak	OBC	Member	8628950260
5	Tripta Devi	F	W/O Desh raj	OBC	Member	889415341
6	Kamlesh Kumari	F	W/O Subash chand	OBC	Member	8894679123
7	Nisha Devi	F	W/O Raj Kumar	OBC	Member	7807569387
8	Ranjna Kumari	F	W/O Ramesh Kumar	OBC	Member	9816796133
9	Bandna Kumari	F	W/O Manoj Kumar	OBC	Member	9816831446
10	Kamlesh	F	W/O Gorkhu Ram	OBC	Member	9805559155
11	Nikita Thakur	F	W/O Amrik Singh	-	Member	8626954084
12	Neru Bala	F	W/O Shavinder Singh	-	Member	9805231386
13	Narvadha	F	W/O	-	Member	-

#### 4. Geographical details of the Village

1	Distance from the District HQ	51 Km
2	Distance from Main Road	6 km
3	Name of local market & distance	Nagrota Surian & 6 km
4	Name of main market & distance	Nagrota Surian & 6km
5	Name of main cities & distance	Jawali & 31 km
6	Name of main cities where product will be sold /marketed	Jassur, Pathankot, Jawali

#### 5. Market Potential-

After learning the skill of bag making, this Sidh Mahadev 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 face 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	Barial Bag Making
6	Product "Slogan"	"Barial Bags Making-best in equality"

## 6. Executive Summary-

Bag Making income generation activity has been selected by this Self-help Group. This IGA will be carried out by all 13 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 or basin the surrounding market places. The division over labor 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 13. 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 weeks can say, members of the group will be working for 1300 hours monthly.
- The group will make 15 bags per day initially later with experience they can increase the number upt 20 . In a month, the group will make approx. of 500 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 obang. We can consider the range of price of using raw material to lie between Rs 100 to Rs 500.
- 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 13 out of total numbers of SHG members working hours in a month will be 1200 hours (25 days). Total Labour days in a month for the whole group will be 163 days (1300÷8). The Labour cost comes out to be Rs 57050 (163×350).

## 9. Description of Production planning-

1	Production per cycle(month)	1 month= 500 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	15 - 20 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)
- Semi 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 conflicting the group members.
- ❖ Sudden increase in price of raw material.
- ❖ Competitive market.

## 12. Description of Economics-

A. Capital Cost					B.	C.
Sr. No.	Particulars	Quantity	Unit Price	Amount (Rs)	Project share 75%	SHG share 25%
1	Simple Machine	1	3500	3500	2625	875
2	Barial Bag Making Machine(95T10) motor with stand	11	8400	92400	69300	23100
3	Wooden counter Table	1	4000	4000	3000	1000
4	Mat	3 (8×10)	2000	6000	4500	1500
5	Almirah	1	12,000	12000	9000	3000
6	Tool Kit	13	250	3250	2437	812
7	Other Material (Transport,etc)	LS	8000	8000	6000	2000
<b>Total Capital Cost (A) = Rs. 129150</b>					<b>96863</b>	<b>32287</b>

B. Recurring Cost					
Sr. No	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Metty cloth	Mtr	210 mtr	120	25200
2	Parachute fabric cloth	Mtr	120mtr	80	9600
3	Jute Fabric	Mtr	105 mtr	100	10500
4	Bag Sticker		1000	3	3000

6	Hall rent, & stationery expenses	LS	1	1500	1500
7	Foam & Plane Printed lining fabric	Mtr.	225	100	22500
8	Thread Reel 6,8,10	Nos	150	60	9000
9	Machine Needle 21, 23 No's	-	150	10	1500
10	Marker & Measurement Tape	-	LS	500	500
11	Runner 5 & 8 No's	Dozen	80	40	3200
13	Tani Bag	KG	500	6	3000
14	Chain 5 No.	Mtr	400 mtr	6	2400
15	Chain 8 No.	Mtr	300	10	3000
16	Labour work will be done by SHG members				-
<b>Total Recurring Cost (B) = 97900</b>					

C. Cost of production (Monthly)		
Sr. No.	Particulars	Amount
1	Total recurring cost	97900
2	10% depreciation annually on capital cost	12915
<b>Total = 110815</b>		

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/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	12915
2	Total Recurring Cost	97900
3	Total production of bag per month	500 (approx all sizes 100,80,60)
4	Selling Price of per bag	100 to 500 (if they sell it for 350 rs.)
5	Income generation	175000
6	Net profit (Income generation - Recurring cost)	77100
7	Gross profit (Net profit - Labour Cost)	20050/-
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	129150	96863	32287
2	Recurring cost	97900	-	97900
3	Training	60000	60000	-
	Total	287050/-	156863/-	130187

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 upgradation to be borne by the project.

### 15. Sources of Fund-

Project support	<ul style="list-style-type: none"> <li>◇ 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</li> </ul>	Procurement Of machines/eq Uipment will be done by
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	<p>Borne by project.</p> <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>	<p>Respective DMU/FCCU After following all codal formalities.</p>
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-

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

$$= 97900 / (350 - 222) = 765$$

In this process break-even will be achieved after making 765 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 in areas:

- ✧ Size of the group
- ✧ Fund management
- ✧ Investment
- ✧ income generation
- ✧ Quality of product

## 20. Remarks

Members belong to low-income grouped theca contribute 25% and project has to bear remaining 75%.

**Group Members Photos**



## Resolution- cum-Group Consensus Form

### Resolution-cum-Group Consensus Form

It is decided in the General House meeting of the group Baniol..... Held on 09/09/2021 - Baniol -  
that our group will undertake the Bagmaker..... as livelihood Income Generation Activity  
under the Project for Improvement of Himachal Pradesh Forest Ecosystems management &  
Livelihoods (JICA Assisted).

Reena Devi  
Signature of Group Pradhan

दरीला देवी

Signature of Group Secretary



## Business Plan Approval BY VFDS and DMU

### Business Plan Approval by VFDS & DMU

Bawal ..... Group will undertake the Begmatex ..... 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. 129150/- has been submitted by group on 24-12-2021 And the business plan has been approved by the VFDS. Chhet Bawal .....

Business Plan is submitted through FTU for further action please

Thank you

Reena Devi  
Signature of Group President

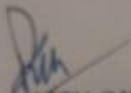
वरीणा देवी  
Signature of Group Secretary

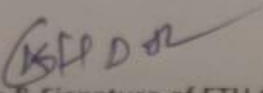
Anil Kumar  
Signature of President VFDS

Approved

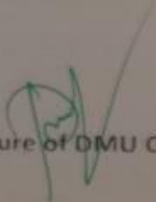
DMU-CUM-Dehra

Submitted to DMU through FTU

  
Name & Signature of FTU Officer  
Name: Forest Officer  
Range: (M.P.)

  
Name & Signature of FTU Coordinator  
Krishan Gopal Deputy Range  
He Nandpur Beal-

Approved

  
Name & Signature of DMU Officer