

INCOME GENERATING ACTIVITY – MACHINE KNITTING

BY

Sakya Nagmi – SELF HELP GROUP



SHG/CIG Name	::	Sakya Nagmi SHG
VFDS/BMC Name	::	Kaza Soma
Range	::	Kaza (WL)
Division	::	Kaza (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 income generating activity 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 income generating activity so that they can earn extra money to meet their expenses and raises some saving also for the difficult times. A group of 07 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 income generating activity in collective manner and raise their additional income.

2. **Background**

Knitting center by Sakya Nagmi Self-help group will be located at village Kaza Soma P.O. Kaza & Tehsil Spiti, Dist. Lahaul & Spiti HP. The total 80 households in village Kaza Soma is small village surrounding Kaza Old and Kewling/ Kwang for which this Knitting centre will cater for. This centre will provide excellent service and guide to 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

3.1	SHG/CIG Name	::	Sakya Nagmi SHG
3.2	VFDS/BMC	::	Kaza Soma
3.3	Range	::	Kaza (WL)
3.4	Division	::	Spiti (WL)
3.5	Village	::	Kaza
3.6	Block	::	Kaza
3.7	District	::	Lahaul & Spiti
3.8	Total No. of Members in SHG	::	07- females
3.9	Date of formation	::	11/01/24
3.10	Bank a/c No.	::	50076781721
3.11	Bank Details	::	Kcc Bank Kaza
3.12	SHG/CIG Monthly Saving	::	100 per Person
3.13	Total saving	::	
3.14	Total inter-loaning	::	--
3.15	Cash Credit Limit	::	--
3.16	Repayment Status	::	--

4. Beneficiaries Detail:

Sr. No	Name	Designation	Qualification	Age	Category	Income Source	Mobile No.
1.	Ankit Dolma	Member	-	54	ST	agriculture	9459980842
2.	Yeshey Dolma	Member	-	50	ST	agriculture	8219280367
3.	Samten	Member	12 th	34	ST	agriculture	9418719305
4.	Sonam Paldon	Member	10 th	48	ST	agriculture	9459524108
5.	Tanzin Dolma	Member	12 th	33	ST	agriculture	7649945628
6.	Chhering Dikit	Member	12 th	41	ST	agriculture	9418612550
7.	Dikit	Member	-	47	ST	agriculture	8580738703

5. Geographical details of the Village:

5.1	Distance from the District HQ	::	500 Mts
5.2	Distance from Main Road	::	300 mtrs
5.3	Name of local market & distance	::	Tabo 50 KM approx. Kaza 500 mtrs approx
5.4	Name of main market & distance	::	Kaza 500 mtrs approx. Rampur 300 KM approx Manali 190 KM approx.
5.5	Name of main cities & distance	::	Rampur 350 KM approx. Manali 190 KM approx.
5.6	Name of places/locations where product will be sold/ marketed	::	Rampur 350 KM approx. Kaza 500 mtrs approx., Manali 190 KM approx.

6. Management

Knitting centre by Sakya Nagmi SHG has 07 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 Sakya Nagmi 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 this activity at a larger scale and in a planned manner. The division of labour between the members has been planned carefully so that each contributes towards strengthening the IGA and resulting the additional money into their pockets.

8. Customers

The primary customers of the centre will mostly be local people around village Kaza Soma 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 Kaza Soma village 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.

A. CAPITAL COST					
Sr. No.	Particulars of Machinery.	Quantity	Rate per unit	Total Amount	Remarks
1	Punch card knitting machine/Food Processing	6	26000	156000	
2	Wool Spinning Machine	7	6000	42000	
Total capital cost				198000	

B. Recurring cost				
Sr.No.	Particulars	Unit	Rate	Amount
1.	Room rent	Per month	1000	1000
2.	Water & electricity	Per month	1000	1000
3.	Knitting yarn of different colour and quality	Per month L/S	18000	18000
Total Recurring cost				20000

13. 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 each member will produce one item (Sweater, Topi, Muffler, Socks etc.) per day as finally finished product and daily 10 items can be made available for sale. Keeping in view this production rate of approximately 300 finished items will be ready for sale in one month. As beginner the item rate on an average if presumed to be Rs. 500 each therefore the total income per month is worked as under:

Particulars	Total Amount (Rs.)	Project Contribution (75%)	SHG contribution (25%)
Total capital cost	198000	148500	49500
Recurring cost			
10% depreciation on capital cost/ month	19800	-	19800
Other expenditure per Month	20000	-nil-	20000
Total	237800		89300

Total sale in a month $(500 \times 300) = 1,50,000$

Total expenditure in first month $(49500 + 39800) = 89300$

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:

<u>Capital cost</u>		
Particulars	Amount	SHG contribution
Capital cost	198000	49500
<u>Recurring expenditure</u>		
i) Other expenditure on material cost etc.	39800	
Total cost	49500+39800=89300	
Total sale in 1st month	1,50,000	
Net profit	60,700	

14. **Sharing of the profit**

The members of SHG has mutually agreed with consent voice that in the 1st month Rs. 5000 will be paid to each member as income and the remaining 25,700 profit will be kept as emergency reserve in their bank account to meet up the future contingency, if any.

15. **Fund flow in the group:**

Sr. No.	Particulars	Total Amount (Rs)	Project contribution	SHG Contribution
1	Total capital cost	198000	148500	49500
2	Total Recurring Cost	39800	00	39800
3	Trainings	80,000	80,000	0
	Total outlay	317800	228000	89300

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

16. Sources of funds and procurement:

Project support;	<ul style="list-style-type: none">• 75% of capital cost will be utilized for purchase of machines.• Up to Rs. 1 lakh will be parked in the SHG bank account as a revolving fund.• Trainings/capacity building/skill up-gradation cost.	Procurement of machines will be done by respective DMU/FCCU after following all formalities.
SHG contribution	<ul style="list-style-type: none">• 25% of capital cost to be borne by SHG.• Recurring cost to be borne by SHG	

17. 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

18. 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.

19. **Monitoring Method –**

Social Audit Committee of the BMC Sub Committee 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.

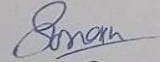
Sahmati Patra

समूह के बिज़नेस प्लान का सहमति पत्र

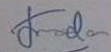
आज दिनांक 20/01/2024 को BMC Sub Committee – Kaza Soma में साक्या नगमी स्वयं सहायता समूह की बैठक की गई। बैठक की अध्यक्षता समूह की प्रधान व सचिव की अध्यक्षता में की गई। जिसमें समूह की सभी महिलाओं ने बुनाई का कार्य करने में सहमति दिखाई है। और कार्य करके समूह की आय को बढ़ाएगी। और आजिविका सुधार योजना जाइका परियोजना से जुड़ने में सब ने सहमति दिखाई है।


प्रधान







छेरिग दिकित


सचिव

सोनम पालदेन


Divisional Forest Officer
Spiti Wild Life Division
Kaza L&S (H.P.)

Members Photos

 <p>Chhering Dikit</p>	 <p>Tanzin Dolma</p>	 <p>Sonam Palden</p>	 <p>Samten</p>
 <p>Ankit Dolma</p>	 <p>Yeshey Dolma</p>	 <p>Dikit</p>	