

BUSINESS PLAN

NORZANG Self Help group

INCOME GENERATING ACTIVITY – Hand Knitting



SHG/CIG Name	::	Norzang SHG
VFDS/BMC Name	::	Tabo
Range	::	Tabo(WL)
Division	::	Spiti (WL)

Prepared under:



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

Table of Contents

Sl. No.	Particulars	Page/s
1.	Introduction	3
2.	Background	3
3.	Description of SHG/CIG	4
4.	Beneficiaries Detail	5
5.	Geographical details of the Village:	5
6.	Management	6
7.	Primary Action Plan	6
8.	Customers	6
9.	Target of the centre	7
10.	The reason to start this business	7
11.	SWOT Analysis	7
12.	Machinery, tools and other equipments	8
13.	Total production and sale amount in month	9
14.	Sharing of the profit	10
15.	Sources of funds and procurement	11
16.	Trainings/capacity building/skill up-gradation	11
17.	Loan Repayment Schedule	11
18.	Monitoring Method	12
19.	Remarks	12
	Group members Photos	13

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 18 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 Norzang Self help group will be located at village Tabo P.O. Tabo & Tehsil Kaza, Distt.Lahaul & Spiti HP. The total of around 55 households in village Tabo as it is small village surrounding Poh and Larri 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	::	Norzang SHG
3.2	VFDS/BMC	::	Tabo
3.3	Range	::	Tabo (WL)
3.4	Division	::	Spiti (WL)
3.5	Village	::	Tabo
3.6	Block	::	Tabo
3.7	District	::	Lahaul & Spiti
3.8	Total No. of Members in SHG	::	18 - females
3.9	Date of formation	::	15/03/24
3.10	Bank a/c No.	::	50076944052
3.11	Bank Details	::	KCC Bank Tabo
3.12	SHG/CIG Monthly Saving	::	100/member from last one month
3.13	Total saving	::	1700/-
3.14	Total inter-lending	::	--
3.15	Cash Credit Limit	::	--
3.16	Repayment Status	::	--

4. Beneficiaries Detail:

Sr. No	Name	Designation	Qualification	Age	Category	Income Source	Mobile No.
1.	Pedma Chhodon	Sectary	12 th	35	S.T	Agriculture	9459994751
2.	Sonam Chhodon	Member	12 th	28	S.T	Agriculture	8219865446
3.	Sonam Paldon	Member	B.A	31	S.T	Agriculture	9015007087
4.	Tanzin Butith	Member	12 th	28	S.T	Agriculture	7876932055
5.	Sonam Palmo	President	B.A	28	S.T	Agriculture	7018522548
6.	Sonam Dolma	Member	12 th	28	S.T	Agriculture	8219889546
7.	Tanzin Paldon	Member	B.A	32	S.T	Agriculture	8894105296
8.	Tanzin phakdol	Member	12 th	32	S.T	Agriculture	9015067619
9.	Heshey Chhomo	Member	B.A	40	S.T	Agriculture	7876024080
10.	Sonam Chukit	Member	B.A	29	S.T	Agriculture	8219992402
11.	Tanzin Dechen	Member	B.A	28	S.T	Agriculture	7018147573
12.	Soni	Member	B.A	27	S.T	Agriculture	8219297443
13.	Tanzin Chhodon	Member	B.A	27	S.T	Agriculture	7876740640
14.	Tanzin Dolker	Member	12 th	25	S.T	Agriculture	7018751556
15.	Tanzin Aagmo	Member	B.A	23	S.T	Agriculture	
16.	Tanzin Dolma	Member	12 th	29	S.T	Agriculture	
17.	Kesang Dolma	Member	12 th	35	S.T	Agriculture	9015096395
18.	Lobzang Dolma	Member	12 th	36	S.T	Agriculture	

5. Geographical details of the Village:

5.1	Distance from the District HQ	::	50KM
5.2	Distance from Main Road	::	100 mtr
5.3	Name of local market & distance	::	Kaza 50 KM approx.
5.4	Name of main market & distance	::	Kaza 50 KM approx.
5.5	Name of main cities & distance	::	Kaza 50 KM approx.
5.6	Name of places/locations where product will be sold/ marketed	::	Kaza 50 KM approx.

6. Management

Knitting centre by Norzang SHG Tabo has 18 women members and they will have individual Hand knitting centre 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 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 Tabo 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 Tabo 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 Norzang SHG has no demands in terms of machines, etc. from the JICA-PIHPFEM&L

A. CAPITAL COST					
Sr. No.	Particulars of Machinery.	Quantity	Rate per Unit	Total Amount	Remarks
1	Nil	00	00	00	00
Total capital cost				Nil	

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	6000	6000
Total Recurring cost				8000

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, Muflers, 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. 300 each therefore the total income per month is worked as under:

Particulars	Total Amount (Rs.)	Project Contribution (75%)	SHG contribution (25%)
Total capital cost	00	00	00
Recurring cost			
10% depreciation on capital cost/ month	0	-	0
Other expenditure per Month	8000	-nil-	8000
Total	8000		8000

Total sale in a month $(300 \times 300) = 90,000$

Total expenditure in first month $(8,000) = 8,000$

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	0	0
<u>Recurring expenditure</u>		
i) Other expenditure on material cost etc.	8,000	8,000
Total cost	8,000	
Total sale in 1st month	90,000	
Net profit	90,000-8,000= 82,000	

14. **Sharing of the profit**

The members of SHG has mutually agreed with consent voice that in the 1st month Rs. 4500 will be paid to each member as income and the remaining 9,000 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	0	0	0
2	Total Recurring Cost	8,000	00	8,000
3	Trainings	60,000	60,000	0
	Total outlay	68,000	60,000	8,000

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.• Upto 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.

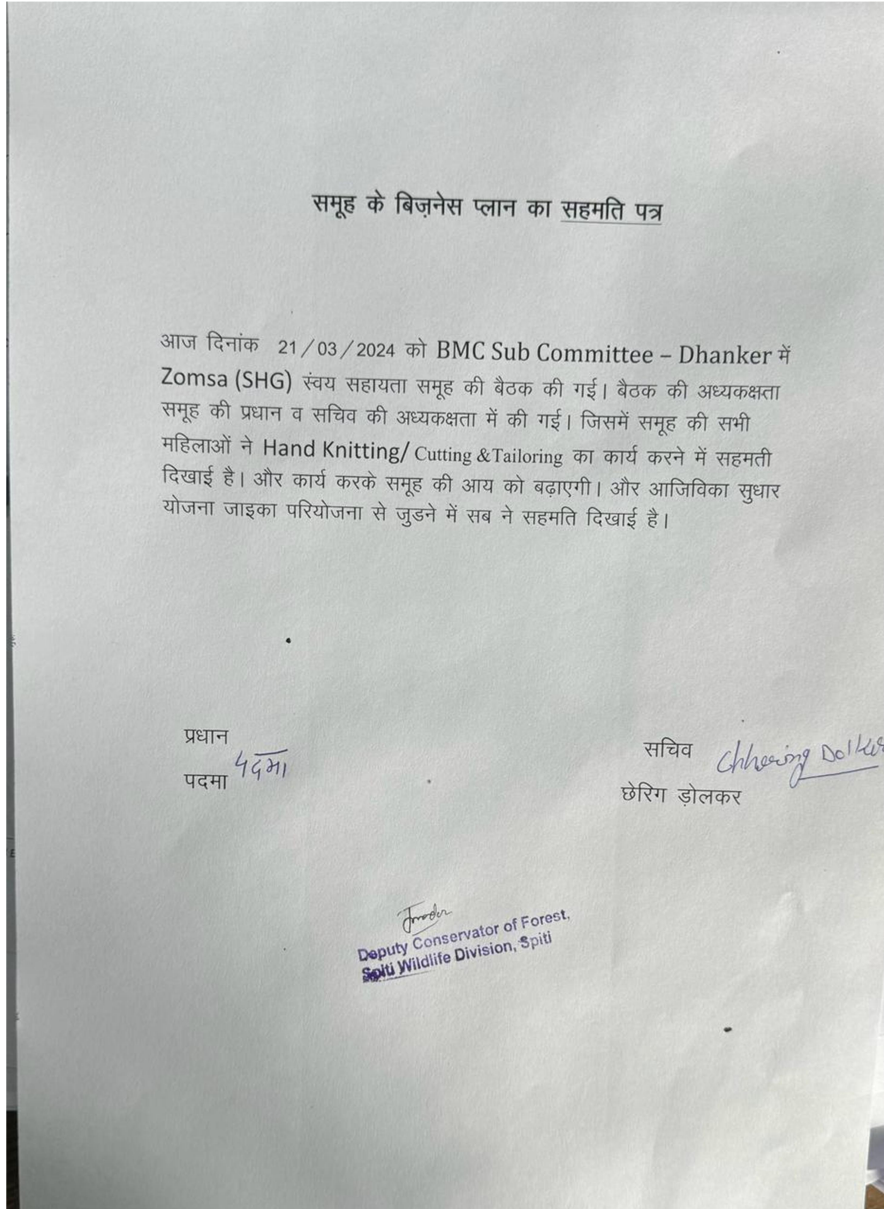
- In CCL, the principal loan outstanding of the SHG must be fully paid to the banks once a year. The interest amount should be paid on a monthly basis.
- In term loans, the repayment must be made as per the repayment schedule in the banks.

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.

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.

Sehmati Letter



Photos of Members

		 TANZIN PALDON		
Kesang Dolma	Tanzin butith	Tanzin Paldon	Panma Chhodon	Tanzin Chhodon
				
Tenzin Phagdol	Soniya	Yeshey Chomo	Sonam Chhukit	Sonam Chhodon
				
Tanzin Dolker	Sonam Paldon	Tanzin Dechen		Tanzin Angmo
				
Lobzang Dolma	Sonam Dolma	Sonam Palmo		