

BUSINESS PLAN

Income Generating Activity – Knitting

By

Narishakti - Self Help Group



SHG/CIG Name	::	Narishakti
VFDS/ BMC Name	::	Raugi
Bmc Sub committe		Majhdhari
Range	::	WL Mandali
Division	::	WL Kullu

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 IGA 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 IGA so that they can earn extra money to meet their expenses and rise some saving also for the difficult times. A group of 9 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 IGA in collective manner and raise their additional income.

2. **Background**

Knitting center by Than SHG will be located at village Raugi P.O.Kararsu Tehsil Kullu, Distt. Kullu HP. The total households in village Raugi is small village surrounding Kotadhar and Soyal for which this Knitting centre will cater for. This centre will provide excellent service and guide 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

2.1	SHG/CIG Name	::	Narishakti
2.2	BMC Sub committee	::	Majhdhari
2.3	Range	::	WL Manali
2.4	Division	::	WL Kullu
2.5	Village	::	Majhdhari
2.6	Block	::	Naggar
2.7	District	::	Kullu
2.8	Total No. of Members in SHG	::	9
2.9	Date of formation	::	8/10/2019
2.10	Bank a/c No.	::	2430000100209203
2.11	Bank Details	::	PNB Seobag
2.12	SHG/CIG Monthly Saving	::	100
2.13	Total saving	::	15000
2.14	Total inter-loaning	::	
2.15	Cash Credit Limit	::	
2.16	Repayment Status	::	
			2%

4. Beneficiaries Detail:

Sr.No	Name	Father/Husband Name	Age	Category	Income Source
1	Manorama	Lal Chand	43	Gen.	Agriculture
2	Tramani	Gbardhan	26	Gen.	Agriculture
3	Guddi Devi	Lal Chand	40	Gen.	Agriculture
4	Sarla Devi	Bodhraj	32	Gen.	Agriculture
5	Nirmala Devi	Lot Ram	39	Gen.	Agriculture
6	Chetna devi	Lot Ram	33	Gen.	Agriculture
7	Hemlata	Gopal	24	Gen.	Agriculture
8	Sarswati	Balkrishan	20	Gen.	Agriculture
9	Babita	Govind	21	Gen.	Agriculture

5. Geographical details of the Village:

3.1	Distance from the District HQ	::	15km
3.2	Distance from Main Road	::	200mtr.
3.3	Name of local market & distance	::	Manali 45Patlikul 25 Bhuntar 23
3.4	Name of main market & distance	::	Manali 45km Patlikul 25km Bhuntar 23km
3.5	Name of main cities & distance	::	Manali 45 Km ,Kullu 11 km
3.6	Name of places/locations where product will be sold/ marketed	::	Manali, Ptlikul, Kullu, Bhuntar

6. Management

Knitting centre by Than SHG has 10 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 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 to this activity at a bit larger scale and in a planned manner. The division of labour between the members have been planned carefully so that each and contributes towards strengthening the IGA and resulting the additional money into their pockets.

8. Customers

The primary customers of our centre will mostly be local people around village Raugi 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 of village Raugi 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
1	Knitting machine (Simple)	9	10000	90000
Total capital cost				90000

B. Recurring cost				
Sr. No.	Particulars	Unit	Rate	Amount
1.	Room rent	Per month	1500	1500
2.	Water & electricity	Per month	1000	1000
3.	Knitting yarn of different colour and quality	Per month L/S	50000	50000
4.	Lubricating oil & pippet	Per month	1000	1000
5.	Wear & tear	Per month L/S	1000	1000
Total Recurring cost				54500

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 to start with it is estimated that each 3 member will stitch one Sweater in a day, 5 Member will make socks in a Day and 2 Member will make baby sets complete in all respect. The charges as on today for simple sweter is approximately 800 per Sweater. On an average the 2members of group may stitch 60 sweater in a month Therefore the total output of the group is estimated $60 \times 800 = \text{Rs } 48000/-$ only. The charges as on today for woolen Socks is approximately 200 per socks. On an average the 5 members of group may stich 300 woolen Socks in a month Therefore the total output of the group is estimated $300 \times 200 = \text{Rs } 60000/-$ only. The charges as on today for baby sets is approximately 400 per set. On an average the 2 members of group may stich 60 baby set in a month Therefore the total output of the group is estimated $60 \times 400 = \text{Rs } 24000/-$ only Therefore the total output of the group is estimated Rs 1,32,000/- only.

Particulars	Total Amount (Rs.)	Project Contribution (75%)	SHG contribution (25%)
Total capital cost	90000	67500	22500
Recurring cost			
10% depreciation on capital cost/ month	750	-	750
Other expenditure per month	54500	-nil-	54500
Total	55250		55250

However an amount of rupees 67500 is the project support therefore for calculation purpose this amount can safely be deducted from the expenditure column and the net income can be re-cast again. 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	90000	22500
<u>Recurring expenditure</u>		
i) 10% depreciation on capital cost per month	750	
i) Other expenditure on material cost etc.	54500	
Total	55250	55250
Total cost	22500+55250=77750	
Total sale in 1st month	1,32,000	
Net profit	54250	

13. 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 profit of Rs. 9250 will be kept as emergency reserve in their bank account to meet up the future contingency, if any.

14. Fund flow in the group:

Sr.No.	Particulars	Total Amount (Rs)	Project contribution	SHG contribution
1	Total capital cost	90000	67500	22500
2	Total Recurring Cost	55250	0	55250
3	Trainings	45000	45000	0
	Total outlay	190250	112500	77750

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

15. 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 codal 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	

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:

- Team work
- Quality control
- Packaging and Marketing
- Financial Management

17. **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.

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.

19. **Remarks**

Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group नारी शक्ति स्वयं सहायता समूह
held on 8/10/2019 at मजधारी that our group will undertake the
as Livelihood Income Generation Activity under the Project for
Implementation of Himachal
Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

प्रधान मनोरमा देवी साचव
नारी शक्ति स्वयं सहायता समूह
गांव मजधारी डा. कराडसू
तह. व जिला कुल्लू (हि.प्र.)

Signature of Group President

Gudi
President / Sec. / Treas
RMC Sub-Committee Majdhari
Teh. & Distt. Kullu (H.P.)
Signature of President BMC

प्रधान साचव Taranvee
नारी शक्ति स्वयं सहायता समूह
गांव मजधारी डा. कराडसू
तह. व जिला कुल्लू (हि.प्र.)

Signature of Group Secretary

[Signature]
FTU-Cum-RFO
Signature of FTU-Cum-RFO
Wild Life Range Manali

[Signature]
Assistant Conservator of Forests
Wild Life Division KULLU

Approved

[Signature]
Divisional Management Unit Officer-Cum-
Divisional Forest Officer, Wild Life Division,
Kullu, District Kullu.

Group members Photos-



Sarla Devi



Guddi devi



Manorma Devi



Taramani



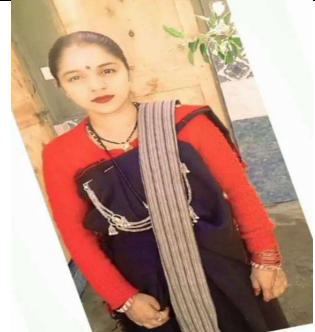
Nirmla Devi



Chetna Devi



Sarswati



Hemlata



Babita

Prepaerd By :Priya Thakur (SMS)

