



**Business Plan**  
On  
**Income Generation Activity**

**Bag making**  
By  
**Self Help Group – Surya**



SHG/CIG name	Surya
VFDS name	Sidh Naagraj
Range	Jaisinghpur
Division	Palampur

**Prepared Under-**

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

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## 1. Introduction-

Bag making is the Income generation activity that has been decided by Surya SHG which falls under VFDS Sidh Naagraj of Range Jaisinghpur and division Palampur. 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 is used by all age groups.

A group of 12 women of different age group came together to form a SHG on 20<sup>th</sup> September 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. In the monthly meeting of group dated on 6<sup>th</sup> March 2023, 5 members of the group don't want to work in the group and they left and now there are only 7 members in the group. 6 are active members those who will work and 1 is non active member who will only give monthly meeting share.

After discussing about the market potential and different aspects very carefully before getting into this IGA (Income Generation Activity). The Surya SHG group has collectively decided of bag making as their Income Generation Activity (IGA). The group will start making good quality 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 SHG have been crafted according to its investment capacity, marketing & promotional strategy and the detailed action plan will be discussed hereunder:

## 2. Description of SHG/CIG

1.	SHG/CIG Name	Surya
2.	VFDS	Sidh Naagraj
3.	Range	Jaisinghpur
4.	Division	Palampur
5.	Village	Lahru
6.	Block	Lambagaon
7.	District	Kangra
8.	Total no. of members in SHG	7
9.	Date of formation	20/9/2022
10.	Bank a/c No.& IFSC code	50075021759
11.	Bank details	KCC Bank Bheri
12.	SHG/CIG monthly savings	350 ( 50 per person)
13.	Total saving	3496 till March
14.	Total inter loaning	--
15.	Cash Credit Limit	-
16.	Repayment status	-

### 3. Beneficiaries Detail

S.no.	Name	M/ F	Father/ Husband name	Category	Designation	Contact no.
1	Madhu Bala	F	Sunil Kumar	General	President	85804-30132
2	Meena Kumari	F	Chander Prakash	SC	Secretary	78762-90278
3	Anita Kumari	F	Ajay Kumar	General	Member	98051-24679
4	Rita Kumari	F	Jagdish Chand	SC	Member	88942-61863
5	Reenu Kumari	F	Ravinder Singh	SC	Member	70187-98657
6	Raksha Devi	F	Vinod Kumar	General	Member	88948-27321
7	Lajja Devi	F	Tek Chand	SC	Member	85808-26439

### 4. Geographical details of the Village

1	Distance from the District HQ	75 Km
2	Distance from Main Road	1.50 Km
3	Name of local market & distance	Lahru - 500 mtr
4	Name of main market & distance	Sujanpur - 12 Km
5	Name of main cities & distance	Sujanpur Thural Palampur Hamirpur
6	Name of main cities where product will be sold/ marketed	Sujanpur ,Thural , Palampur, Hamirpur

### 5. Market Potential-

After learning the skill of bag making, this Surya 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 - Lahru
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	Surya Bags
6	Product "Slogan"	"Surya bags best in quality"

## 6. Executive Summary-

Bag making income generation activity has been selected by this Self Help Group. This IGA will be carried out by all 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 for bags in the surrounding market places. 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.

## 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 7 and active members are 6. All the active members in the group will only work for 4 hours daily as they have other agriculture and domestic work. They will work for 5 days per week. So, we can say, each member of the group will be working for 88 hours monthly.

- The group will make 12 bags per day initially later with experience they can increase the number. In a month, the group will make approx of 264 bags.
- Based on assumption/experience each bag will be manufactured by using material i.e. Mattie cloth, jeep, locks, sticker, wire covering, niwar etc. Cost of which will depend on the type of bag, size of bag. We can consider the range of price of using raw material to lie between Rs 100 to Rs 300.
- The total working hours of 1 member in a month ( total working days in a month will be 22 and 4 hours per day) will be 88 hours (22 days x 4 hours) and for all the 6 members the working hours in a month will be 528 hours ( 22 days). Total labour days in a month for the whole group will be 66 days (528/8). The labour cost comes out to be Rs 19,800 (66\*300). Labour cost in manufacturing of 1 bag will be Rs 80.

### 9. Description of Production planning-

1	Production per cycle ( month)	1 month = 264 bags
2	Number of ladies involved	All ladies
3	Source of raw material	Local market/ Main market
4	Source of other resources	Local market/ Main market
5	Expected bag production per day	12bags 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)
- Some 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.
- ❖ Product is non-perishable.

#### ❖ 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 products.
  - ✧ There are opportunities of expansion with production at a larger scale.
  - ✧ Demand all around the year.
- ❖ Threats/Risks–
  - ✧ Risk of conflict in the group members.
  - ✧ Suddenly increase in price of raw material.
  - ✧ Competitive market.



## 11. Description of Economics:-

### A. Capital Cost

S. No.	Particulars	Quantity	Unit Price	Amount (Rs)
1	Umbrella TA2 Sewing machines with motor.	6	13,000	78,000
2	Almirah	2	8000	16,000
3	Scissors	6	300	1,800
4	Office table	1	4000	4,000
5	Chairs	6	1000	6,000
6	Tool Kit	6	300	1,800
7	Other Overhead Charges	6	1000	6,000
<b>Total Capital Cost (A) =</b>				<b>113,600</b>

## 12.

### B. Recurring Cost

S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Canvas Cloth	mtr	270	120	32,400
2	Jip	No.	810	15	12,150
3	Niwar	mtr.	540	15	8,100
4	Adjuster	No.	1080	5	5,400
5	Parachute cloth	Mtr.	135	80	10,800
6	Foam	Mtr.	67.2	130	8,736
7	R-1 Cloth for partition	Mtr.	90	150	13,500
8	Rent of working place/hall	No.	LS	500	500
9	Electricity, water & stationary charges	LS	LS	LS	1,000
10	Labour (4 hour per day and 5 days per week i.e. total working days per month for each member will be 22 days & total working hour in a month for 6 members will be 528hours( 22*6*4)	Working days	66	300	19,800
<b>Total Recurring Cost (B)</b>					<b>112,386</b>

**Note** – The group will be doing labour work themselves.  
 So Net Recurring Cost = Total recurring cost - labour cost  
 = 112386-19800

**Net Recurring Cost = 92586**

C. Cost of production ( Monthly)		
S. No.	Particulars	Amount in Rs
1	Net recurring cost	92586
2	10% depreciation annually on capital cost	11360
<b>Total = 1,03,946</b>		

### 13. Cost Benefit Analysis ( Monthly)

Cost benefit analysis ( monthly)		
S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	11360
2	Net Recurring Cost	92586
3	Total production of bag per month	264 ( approx quantity)
4	Selling Price of per bag	450 ( Average of medium and large sized bag)
5	Income generation	118800
6	Net profit ( Income generation - Net Recurring cost)	26214
7	Gross profit( Net profit - Labour Cost)	6414
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>

D. Selling price calculation			
S. No.	Particulars	Unit	Amount in Rs
1	Cost of production ( large bags )	1	Approx 350- 380
2	Expected selling price ( large bags)	1	Approx 400-500
3	Current market price ( large bag)	1	500-600
4	Cost of production ( medium sized bags )	1	Approx 250- 280
5	Expected selling price (medium sized bags )	1	Approx 300- 320
6	Current market price (medium sized bags )	1	Approx 350- 400

#### 14. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount (Rs)	Project Contribution	SHG contribution
1	Total capital cost	113,600	85,200	28400
2	Total Recurring Cost	112,386	0	112,386
3	Training/capacity building/skill up-gradation.	70,000	70,000	0
<b>Total</b>		<b>295986</b>	<b>155200</b>	<b>140786</b>

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 up gradation 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 is will be borne by project.</li> <li>✧ Up to Rs 1 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>	Procurement of machines/eq uipment will be done by respective DMU/FCCU after following all codal formalities.
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-gradation proposed/needed:

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

## 17. Computation of break-even point -

$$\begin{aligned}
 &= \text{Capital Expenditure/ (selling price (per bag)-cost of production (per bag))} \\
 &= 1, 13,600/(450-350) \\
 &= 1136
 \end{aligned}$$

In this process, break-even will be achieved after making 1136 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 monitoring are as:

- ❖ Size of the group
- ❖ Fund management
- ❖ Investment
- ❖ Income generation
- ❖ Quality of product

## 20. Remarks

Members belong to low income group and they can contribute 25% and project has to bear remaining 75%.

## 21. Group member's Individual photos



1. Madhu Bala



2. Meena Kumari



3. Anita Kumari



4. Rita Kumari



5. Reenu Kumari



6. Raksha Devi



7. Lajja Devi

**22.Group photo:**



## 23.Resolution-cum Group consensus form

Revised

### Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Surya held on 18-12-2024 at Sidh Naag Raj that our group will undertake the Bag Making as livelihood Income Generation Activity under the Project for Implementation of Himachal Pradesh Forest Ecosystem management and Livelihood (JICA assisted).

Signature of group President: Madhu Bala  
Signature of group secretary: Meena Kumari

सूर्य ग्रहण समूह लाहड़  
ग्राम पंचायत लाहड़, तह. जयसिंहपुर  
जिला कांगड़ा हि. प्र.

Signature of President VFDS  
ग्राम वन विकास समिति सिद्ध नागरज  
ग्राम पंचायत लाहड़  
तहसील जयसिंहपुर  
जिला कांगड़ा हि. प्र.



## 24. Business Plan Approval by VFDS and DMU

Revised

### Business Plan Approval by VFDS and DMU

Surya Group will undertake the Bag Making 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. 295986 has been submitted by the group on 18-12-2024 and the business Plan has been approved by VFDS Sidh Naag Raj

Business Plan is submitted to DMU through FTU for further action please.

Thank You.

प्रधान..... सचिव.....  
सूर्या ग्रुप अहायता समूह लाहड़  
ग्राम विकास समिति लाहड़, तह. जिला काठगढ़ (H.P.)  
वि. ख. लम्बागांव, जिला काठगढ़ (H.P.)  
*Maitha Bala* Signature of group President *Meena Kumari* Signature of group secretary

Signature of President VFDS  
प्रधान  
ग्राम वन विकास समिति सिद्ध नागराज  
ग्राम पंचायत लाहड़  
जिला काठगढ़ (H.P.)

Approved

DMU  
Divisional Management Unit,  
Palampur Forest Division  
Palampur