



Business Plan

On

Income Generation Activity

Bag making

By

Self Help Group – Prerna



VFDS name

Indpur

Range

Indora

Division

Nurpur

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 Prerna SHG which falls under VFDS Indpur of Range Indora and division Nurpur. 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 13 women of different age group came together to form a SHG on 18th 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.

After discussing about the market potential and different aspects very carefully before getting into this IGA (Income Generation Activity). The Prerna SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This SHG consists of 12 females. The group will start making good quality bags 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 has 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	Prerna
2.	VFDS	Indpur
3.	Range	Indora
4.	Division	Nurpur
5.	Village	Indpur
6.	Block	Damtal
7.	District	Kangra
8.	Total no. of members in SHG	11
9.	Date of formation	01-12-2023
10.	Bank a/c No.& IFSC code	50076856358 & KACE0000076
11.	Bank details	KCC Nurpur
12.	SHG/CIG monthly savings	50/-
13.	Total saving	-
14.	Total inter loaning	--
15.	Cash Credit Limit	-
16.	Repayment status	-

3. Beneficiaries Detail

S.no.	Name	Age	Father/ Husband name	Category	Designation	Address
1	Anjana Kumri	35	Onkar Singh	SC	President	Vill Indpur teh Indora dis kangra
2	Ranjana	48	Kahan singh	SC	Secretary	Vill Indpur the Indora dis kangra
3	Gulshan Devi	36	Dhruv Singh	SC	Treasurer	Vill Indpur Teh. Indora dis kangra
4	Poonam devi	38	Rajesh Kumar	SC	Member	Vill Indpur teh Indora dis kangra
5	Babli Devi	45	Hardeep Singh	SC	Member	Vill Indpur teh Indora dis kangra
6	Aruna Devi	60	Surinder Pal	SC	Member	Vill Indpur teh nurpur dis kangra
7	Salochna Devi	48	Harpajan singh	SC	Member	Vill Indpur teh Indora dis kangra
8	Vandana	35	Yudhveer Singh	SC	Member	Vill Indpur the Indora dis kangra
9	Neelam	38	Jeewan singh	SC	Member	Vill Indpur teh Indora dis kangra
10	Priya Devi	29	Sachin singh	GEN	Member	Vill Indpur teh Indora dis kangra
11	Kamla Devi	45	Robbin singh	GEN	Member	Vill Indpur teh Indora dis kangra

4. Geographical details of the Village

1	Distance from the District HQ	115Km
2	Distance from Main Road	0.5 Km
3	Name of local market & distance	6 Km
4	Name of main market & distance	Nurpur 6Km
5	Name of main cities & distance	Nurpur 6 Km, Pathankot 33 Km
6	Name of main cities where product will be sold/ marketed	Nurpur

5. Market Potential-

After learning the skill of bag making, this Prerna 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 pace the demand of latest design bag will be there all around the year.

1	Potential market places/locations	Village covered - Indpur
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	Prerna Bags
6	Product "Slogan"	"Prerna bags are ECO Friendly"

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 11. 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 5 days per week. So, we can say, each member of the group will be working for 88 hours monthly.
- The group will make 15 bags per day initially later with experience they can increase the number. In a month, the group will make approx of 450 bags.
- Based on assumption/experience each bag will be manufactured by using material i.e. Mattie cloth, jeep, locks, sticker, wire covering, 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*4 hours) and for all the 13 members the working hours in a month will be 968 hours (22 days). Total labour days in a month for the whole group will be 121 days (968/8). The labour cost comes out to be Rs 36,300 (121*300). Labour cost in manufacturing of 1 bag will be Rs 80.

9. Description of Production planning-

1	Production per cycle (month)	1 month = 465 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	15 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)
- 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.

12. Description of Economics -

A. Capital Cost				
S. No.	Particulars	Quantity	Unit Price	Amount (Rs)
1	Bag making machine with motor and stand	6	9500	57000
2	Wooden counter Table	1	5000	5000
3	Mat	2 (8×10)	2000	4000
4	Steel Racks	1	3000	3000
5	Tool Kit	11	1000	11000
Total Capital Cost (A) =Rs 80,000				

B. Recurring Cost					
S. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Metty cloth	Mtr	120 mtr	120	14400
2	Parachute fabric cloth	Mtr	80 mtr	80	6400
3	Jute Fabric	Mtr	80 mtr	100	8000
4	Bag Sticker		900	3	2700
5	Kunde/Lock/Button	Kg	1/2	900	450
6	Hall rent, & stationery expenses	Month	1	2000	2000
7	Foam & Plane printed lining fabric	Mtr.	100	110	11000
8	Thread Reel 6,8,10	Nos	80	60	4800
9	Machine Needle 21, 23 No's	-	70	10	700
10	Runner 5 & 8 No's	Dozen	40	45	1800
11	Tani Bag	KG	300	8	2400
12	Tani Bag	KG	300	6	1800
13	Chain 5 No.	Mtr	150	6	900
14	Chain 8 No.	Mtr	150	10	1500
15	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 11 members will be 968 hours(22*11*4)	Working days	121	300	36,300
Total Recurring Cost (B) = 95150					

Note – The group will be doing labour work themselves.
 So Net Recurring Cost = Total recurring cost - labour cost
 = 95150-36300

Net Recurring Cost = 58850

C. Cost of production (Monthly)		
S. No.	Particulars	Amount
1	Total recurring cost	95150
2	10% depreciation annually on capital cost	8000
Total = 103150		

D. Selling price calculation			
S. No.	Particulars	Unit	Amount
1	Cost of production	1	Approx (Rs. 20, 60, 100, 130, 400)
2	Expected selling price	1	Approx (Rs. 40, 80, 120, 300, 400)
3	Current market price	1	Rs. 100, 150 250, 400, 500

13. Cost Benefit Analysis (Monthly)

Cost benefit analysis (monthly)		
S. No.	Particulars	Amount
1	10% depreciation annually on capital cost	8000
2	Total Recurring Cost	95150
3	Total production of bag per month	465 (approx quantity)
4	Selling Price of per bag	350
5	Income generation	162750
6	Net profit (Income generation - Recurring cost)	162750- 95150 = 67600
7	Gross profit(Net profit - Labour Cost)	67600 - 36,300= 31300
8	Distribution of net profit	<ul style="list-style-type: none"> ✓ Profit will be distributed equally among members monthly/yearly basis. ✓ Profit will be used for further investment in IGA

14. Fund flow arrangement in SHG -

S. No.	Particulars	Total Amount (Rs)	Project Contribution	SHG contribution
1	Total capital cost	80000	60000	20000
2	Total Recurring Cost	95150	0	95150
3	Training/capacity building/skill up-gradation.	60,000	60,000	0
Total		235150	1,20,000	1,15,150

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"> ✧ 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. ✧ Up to Rs 1 lakhs will be parked in the SHG bank account. ✧ Training/capacity building/ skill up- gradation cost. ✧ 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. 	Procurement of machines/equipment will be done by respective DMU/FCCU after following all codal formalities.
SHG Contribution	<ul style="list-style-type: none"> ✧ 50% or 25% of capital cost to be borne by SHG for general category and other categories respectively. ✧ 25% of capital cost to be borne by project if the group is women group. ✧ Recurring cost to be borne by SHG. 	

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 -

= Capital Expenditure/ (selling price (per bag)-cost of production (per bag))

= 1,39,400/(350-130)

= 618

In this process break-even will be achieved after making 618 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%.

Group Member's Photo

ग्रुप ग्रुप

V.F.D.S Indpur



Anjana Kumari
(Pradhan)



Neelam Devi
(Secretary)



Kamla Devi
(Member)



Neema
(Member)



Mamta Sharma
(Member)



Sulochana Devi
(Member)



Shabuntala Devi
(Member)



Rita Devi
(Member)



Azuna Devi
(Member)



Babli
(Member)



Poonam
(Member)



Gulshan
(Member)

Resolution cum Group Consensus Form

It is decided in the general house meeting of the group Pruma held on 06-02-2024 at Indpur 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).

President Aryang Kumari
V.F.D.S Indpur
Up-Teh. Gangath (Nurpur)
Distt. Kangra -176022

Secretary Rajendra
V.F.D.S Indpur
Up-Teh. Gangath (Nurpur)
Distt. Kangra -176022

Business Plan Approval by VFDS & DMU

Prerna Group 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. 235150 /- has been submitted by group on 06 / 02 / 2024 and the business plan has been approved by the VFDS Indpur

Business plan is submitted through FTU for further action please.

Thank you

President
V.F.D.S Indpur
Up-Teh. Gangath (Nurpur)
Distt. Kangra 176022
Signature of Group President

Anjana Kumari

Secretary
V.F.D.S Indpur
Up-Teh. Gangath (Nurpur)
Distt. Kangra 176022
Signature of Group Secretary

Signature of President
सचिव
ग्राम वन विकास समिति इन्दपुर
ग्राम पंचायत इन्दपुर तहसील इन्दौरा
Signature of President VFDS

DMU - cum - DEO
Nurpur Forest Division
DMU cum Nurpur

