

INCOME GENERATING ACTIVITY – MACHINE KNITTING

BY

THARCHHOMO – SELF HELP GROUP



SHG Name	::	Thar Chhomo SHG
BMCSUBcommittee Name	::	Lari
Range	::	Tabo (WL)
Division	::	Spiti (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 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 Thar Chhomo Self-help group will be located at village Lari P.O. Tabo & Tehsil Kaza, Distt. Lahaul & Spiti HP. The total of 35 households in village Lari, is small village surrounding Poh and Tabo 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	::	Thar Chhomo SHG
3.2	VFDS/BMC	::	Lari
3.3	Range	::	Tabo (WL)
3.4	Division	::	Spiti (WL)
3.5	Village	::	Lari
3.6	Block	::	Tabo
3.7	District	::	Lahaul & Spiti
3.8	Total No. of Members in SHG	::	9- females
3.9	Date of formation	::	27/01/24
3.10	Bank a/c No.	::	50076782135
3.11	Bank Details	::	KCC Tabo
3.12	SHG/CIG Monthly Saving	::	100 per Member
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.	Lata Devi	Member	3 rd	55	ST	agriculture	9459965156
2.	Tanzin Dolker	Member	12 th	46	ST	agriculture	7651085187
3.	Karma Chhodon	Member	10 th	47	ST	agriculture	9459002167
4.	Chhimet Zangmo	Member	10 th	40	ST	agriculture	8219414135
5.	Dikit Chhomo	Member	12 th	47	ST	agriculture	7018573273
6.	Dikit Zangmo	Member	12 th	55	ST	agriculture	9418981325
7.	Sonam Palkit	Member	12 th	47	ST	agriculture	7018655701
8.	Chhering Lamo	President	10 th	49	ST	agriculture	9459319248
9.	Thilley Chhodon	Secretary	12 th	33	ST	Agriculture	8091757351

5. Geographical details of the Village:

5.1	Distance from the District HQ	::	62 KM
5.2	Distance from Main Road	::	3KM
5.3	Name of local market & distance	::	Tabo 10 KM approx. Kaza 60 KM approx
5.4	Name of main market & distance	::	Kaza 60 KM approx. Rampur 300 KM approx Manali 190 KM approx.
5.5	Name of main cities & distance	::	Rampur 300 KM approx. Manali 190 KM approx.
5.6	Name of places/locations where product will be sold/ marketed	::	Rampur 300 KM approx. Kaza 60 KM approx., Manali 190 KM approx.

6. Management

Knitting centre by Thar Chhomo SHG has 9 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 Thar Chhomo 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 Lari 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 Lari 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

- S** Activity is being already done by some SHG members
- S** Raw material easily available from nearby markets
- S** Manufacturing process is simple
- S** Proper packing and easy to transport
- S** Other family members will also cooperate with beneficiaries
- S** Product self-life is long

❖ Weakness

- S** Lack of technical know-how

❖ Opportunity

- S** Increasing demand for good products

❖ Threats/Risks

- S** Competitive market
- S** 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	9	26000	234000	
Total capital cost				234000	

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	40000	40000
Total Recurring cost				42000

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 15 items can be made available for sale. Keeping in view this production rate of approximately 450 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	234000	175500	58500
Recurring cost			
10% depreciation on capital cost/ month	23400	-	23400
Other expenditure per Month	42000	-nil-	42000
Total	299400		123900

Total sale in a month $(500 \times 450) = 225000$

Total expenditure in first month $(58500 + 65400) = 123900$

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:

Capital cost		
Particulars	Amount	SHG contribution
Capital cost	234000	58500
Recurring expenditure		
i) Other expenditure on material cost etc.	42000	
Total cost	58500+ 65400 = 123900	
Total sale in 1st month	225000	
Net profit	101100	

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 56100 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 (75%)	SHG contribution (25%)
1	Total capital cost	234000	175500	58500
2	Total Recurring Cost	42000	00	42000
3	Trainings	80,000	80,000	0
	Total outlay	356000	255500	100500

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 –

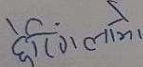
Social Audit Committee of the BMC Sub Committee will monitor the progress and performance of the IGA and suggest corrective action if needed to ensure operation of the unit as per projection.

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.

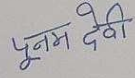
Sahmati Patra

समूह के बिज़नेस प्लान का सहमति पत्र


आज दिनांक 24/08/2015 को BMC Sub Committee - Lari में थार छामो 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 आजीविका सुधार योजना जाइका परियोजना से जुड़ने में सब ने सहमति दिखाई है।


प्रधान

छेरिग लामो


सचिव

पूनम देवी


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

Photos of Members



Lata Devi



Tanzin Dolkar



Karma Chhodon



Chhering Lamo



Chhimet Zangmo



Dikkit Chhomo



Dikkit Zangmo



Sonam Palkit



Thinley Chhodon

