

BUSINESS PLAN

INCOME GENERATING ACTIVITY – Bag Making

by

Sahara-Self Help Group



SHG/CIG Name	::	Sahara
VFDS Name	::	Talaya
Range	::	Taradevi
Division	::	Shimla

Prepared Under–



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

Table of Contents

Sr. No.	Particulars	Page/s
1	Table contents	2
2	Description of SHG/CIG	3
3	Beneficiaries Detail	4
4	Geographical details of the Village	5
5	Executive Summary	5
6	Description of product related to Income Generating Activity	5
7	Description of production process	6
8	Description of Production Planning	6
9	Estimate cost of raw material per cycle /per month	7
10	Description of marketing /sale	7
11	Swot Analysis	8
12	Description of management among members	8
13	Description of Economics	9
14	Analysis of income and expenditure monthly	10
15	Fund requirement	10
16	Sources of Fund	11
17	Trainings/capacity building/ skill up gradation	11
18	Bank Loan Repayment	11
19	Monitoring Method	12
20	Group Photo	13
21	Annexures	14-16

1. Description of SHG/CIG

1	SHG/CIG Name	::	Sahara	
2	VFDS	::	Talayal	
3	Range	::	Taradevi	
4	Division	::	Shimla	
5	Village	::	Talayal	
6	Block	::	Jubberhatti	
7	District	::	Shimla	
8	Total No. of Members in SHG	::	14 females	
9	Date of formation	::	01-07-2024	
10	Bank a/c No.	::	43236840840	
11	Bank Details	::	SBI Gech (Kohbag)	
12	SHG/CIG Monthly Saving	::	100/-	
13	Total saving	::	1400/-	
14	Total inter-loaning	::	Nil	
15	Cash Credit Limit	::	Nil	
16	Repayment Status	::	Nil	

2.Beneficiaries Detail:

S.no.	Name	M/F	Father/Husbandname	Age	Category	Address
1	Bhagyawati	F	Gauri Shankar	46	Gen	Vill. Talayal, P.O.Kalihatti
2	Bindu	F	Ravi	32	SC	Vill. Talayal, P.O.Kalihatti
3	Meera	F	Surender	44	Gen.	Vill. Talayal, P.O.Kalihatti
4	Namrata	F	Dharam Chand	25	SC	Vill. Talayal, P.O.Kalihatti
5	Neha	F	Hem Raj	23	SC	Vill. Talayal, P.O.Kalihatti
6	Shanti	F	Lt. Sh. Janki Ram	55	SC	Vill. Talayal, P.O.Kalihatti
7	Sunita	F	Mehar Singh	35	SC	Vill. Talayal, P.O.Kalihatti
8	Asha	F	Inder Singh	40	SC	Vill. Talayal, P.O.Kalihatti
9	Nirmala	F	Narender	38	SC	Vill. Talayal, P.O.Kalihatti
10	Amarawati	F	Beli Ram	44	SC	Vill. Talayal, P.O.Kalihatti
11	Devki Devi	F	Kapil	28	SC	Vill. Talayal, P.O.Kalihatti
12	Nardu	F	Tek Chand	52	SC	Vill. Talayal, P.O.Kalihatti
13	Ram Dai	F	Hari Singh	52	SC	Vill. Talayal, P.O.Kalihatti
14	Indira Devi	F	Vijay Kumar	33	SC	Vill. Talayal, P.O.Kalihatti

3. Geographical details of the Village

1	Distance from the District HQ	25km
2	Distance from Main Road	2 Km
3	Name of local market & distance	Ghanahatti, 8Km
4	Name of main market & distance	Shimla, 25Km
5	Name of main cities & distance	Shimla, 25 Km
6	Name of main cities where product will be sold/marketed	Ghanahatti , Shimla

4. Executive Summary

Bag making income generation activity has been selected by Sahara Self Help Group under VFDS Talayal. This IGA will be carried out by all ladies of this SHG. Bag making is a new concept for this group but almost all the members are trained in sewing the clothes and they are sure that they will stitch the bags also after getting some training. After discussion in a series of meeting they have decided to take this activity for their livelihood improvement. There is a sufficient demand of school bags, handbags, luggage bags, purses for ladies and gents and carry bags in the surrounding markets. After several meetings of the group it has been decided by the group finally that keeping in view the demand of such bags in the nearby market, this activity will definitely be an income generation activity for the group. All the members consented in all for this IGA and passed the resolution.

5. Description of Product related to Income Generating Activity

1	Name of the Product	::	School bags, handbags, luggage bags, purses for ladies and gents and carry bags.
2	Method of product identification	::	The group along with JICA staff held many meetings to identify the livelihood activity and discussed on some issues like availability of raw material in the locality, skill for preparation of product marketing status and then all SHG members agreed to adopt Bag making initially and later on more product of similar process will be added.
3	Consent of SHG/ CIG / cluster members	::	All SHG members agreed and passed resolution.

6. Description of Production Processes

- Group will make school bags, hand bags, luggage Bags, Purses etc. This business activity will be carried out whole year by the group members.
- The process of making 700 nos. of bags takes around one month and all the 14 members of the group will work for average 4 hours daily due to engagement in other agriculture and domestic work. Average 5 days weekly holiday is required by them for their agriculture & domestic work. Hence 1 member will work for 4 hour*25 days during the month and therefore each member will work for 100 hours in a month. The total man days for 14 members will be $100 \times 14 / 8$ (1 man day = 8 hours) = 175 days. The total labour cost comes out $175 \times 300 = 52500/-$. In this way the labour cost per bag will be Rs. 75.
- Based on assumption/experience 1 bag will be manufactured by using material i.e. Mattie cloth, Zip, Locks, Sticker, Wire covering, Niwar etc., cost of which comes out to rupees 320 /- .
- The cost for manufacturing one bag will be Rs. 320+Rs.75 =Rs. 395/- Initially group will manufacture 700 bags per month and in future other type of bags will be added and manufactured according to market demand.

7 . Description of Production Planning

1	Production Cycle (in days)	::	1 month for a lot of 700 bags
2	Manpower required per cycle/ Month.	::	14 ladies for 175 man days during the month.
3	Source of raw materials	::	Local market/ Main market
4	Source of other resources	::	Local market/ Main market
5	Quantity of raw material required per cycle /month	::	1.Canvas cloth =800mtr. 2. Zip = 2400 no. 3.Niwar = 1500mtr 4. Adjuster = 3200no. 5.Parachute cloth =400mtr. 6. Foam = 200mtr. 7.R-1 cloth for partition =264mtr.
6	Expected production per cycle /month	::	700 bags.

8. Estimated Cost of raw material per cycle /per month.

Sr.no	Raw material	unit	Time	Quantity	Amount per unit (Rs)	Total amount	Expected production Monthly	Expected Sale Value
1	Canvas cloth	mtr	Monthly	800mtr	120 /-	96000/-	700 bags	700 Bags @500 each =3,50,000
2	Zip	no.	Monthly	2400 no	15/-	36,000/-		
3	Niwar	mtr	Monthly	1500mtr	15/-	22,500/-		
4	Adjuster	no.	Monthly	3200 no	5/-	16000/-		
5	Parachute cloth	mtr	Monthly	400mtr	80/-	32,000/-		
6	Foam	mtr	Monthly	200mtr.	130/-	26,000/-		
7	R-1 cloth for partition	mtr	Monthly	264mtr.	150/-	39,600/-		
		Total				2,68,100 /-		3,50,000/-

9. Description of Marketing/ Sale

1	Potential market places	::	Ghanahatti, Shimla 8km, 25km
2	Distance from the unit	::	
3	Demand of the product in market place/s	::	High demand
4	Process of identification of market	::	Group members, according to their production potential and demand in market, will select/list retailer/whole seller. Initially product will be sold in near markets.
5	Marketing Strategy of the product	::	SHG members will directly sell their product through village shops. The group will also supply their product to the retailers and whole sellers in the nearby market.
6	Product branding	::	"Sahara" Bags
7	Product "slogan"	::	"Handcrafted Bags "

10.SWOT Analysis

❖ Strength–

- Group members are well conversant with the working on sewing machine.
- Raw material easily available in the nearby market Shimla.
- Manufacturing process is simple
- Proper packing and easy to transport
- Product is non-perishable and its self-life is long

❖ Weakness–

- Demand is seasonal
- High competition with the factory made bags presently being imported by the local traders from other states specially from Ludhiana.
- Shortage of reserve fund with the group to invest on the raw material and to wait for the sale of product.

❖ Opportunity–

- High demand in starting school session i.e. during April every year.
- There are opportunities of expansion with production at a larger scale.

❖ Threats/Risks–

- Risk of conflict in the group members
- Competition with the factory made bags.

11. 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 etc.
- Some group members will involve in Production process.
- Some group members will involve in Packaging and Marketing.

12. Description of Economics:

A. CAPITAL COST				
Sr.No	Particulars	Quantity	Unit Price	Total Amount (Rs.)
1	Bag making machine Umbrella(31 gauge) Leather	2 no.	14,500/-	29,000/-
2	Sewing machine	14 no.	7500/-	1,05,000/-
4	Scissors	12 no.	500/-	6,000/-
6	Inch Tape	7no.	30/-	210/-
Total Capital Cost (A) =				1,40,210 /-

B. Recurring Cost

Sr.no	Raw material	unit	Time	Quantity	Amount per unit (Rs)	Total amount
1	Canvas cloth	mtr	Monthly	800mtr	120 /-	96000/-
2	Zip	no.	Monthly	2400 no	15/-	36,000/-
3	Niwar	mtr	Monthly	1500mtr	15/-	22,500/-
4	Adjuster	no.	Monthly	3200 no	5/-	16000/-
5	Parachute cloth	mtr	Monthly	400mtr	80/-	32,000/-
6	Foam	mtr	Monthly	200mtr.	130/-	26,000/-
7	R-1cloth for partition	mtr	Monthly	264mtr.	150/-	39,600/-
8	Rent of working place /hall	No.	Monthly	1	1,000/-	1,000/-
9	Electricity ,Water&Stationary charges	L/S	Monthly	L/S	L/S	1,000/-
10	Labor (Labor will be done by SHG members 4 hours daily for 25 days each*14members)	Man days	Monthly	175 man days	@300/-	52,500/-
					Total Recurring cost	322600/-
Note: Net Recurring cost = Total recurring cost – Labor cost =3,22,600/-52,500/-						2,70,100/-

C. Cost of Production (Monthly)		
Sr. No	Particulars	Amount (Rs)
1	Total Recurring Cost	2,70,100/-
2	10% depreciation annually on capital cost	1168/-
	Total	2,71,268/-

13 Analysis of Income and Expenditure (Monthly):					
Sr.No	Particulars	Unit	Quantity	Rate per unit	Amount (Rs)
1	Cost of Production	No.	700 bags	372/-	2,60,400/-
2	Expected Selling Price by SHG	No.	Per bag	500/-	3,50,000/-
3	Current market price	No.	700bags	500/-	3,50,000/-
4	Total expected income will be =Sale amount – Recurring cost= 3,50,000/- (-) 2,70,100/- =				79,900/-
5	Net profit after deduction of wages of group members 79,900/-(-) 52,500/-				27,400/-per month

14.Fundrequirement:

Sr.No	Particulars	Total Amount (Rs)	Project Contribution	SHG Contribution
1	Total capital cost	1,40,210/-	105,158/-	35,052/-
2	Total Recurring Cost	2,70,100	--	2,70,100/-
3	Trainings/capacity building/ skill up-gradation	50,000/-	50,000/-	--
	Total	4,60,310/-	1,55,158/-	3,05,152/-

Note-

- **Capital Cost** - 75% of capital cost to be covered under the Project
- **Recurring Cost** - To be borne by the SHG/CIG.
- **Trainings/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 given by the project• Up to Rs1 lakh will be parked in the SHG bank account (as Revolving Fund).• Trainings/capacity building/ skill up-gradation cost will be borne by the project.• In case SHG take loan from bank 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.
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:

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

17. 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 have to pay the installments of the Principal amount on regular basis

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.

Some key indicators for the monitoring are as:

- Size of the group
- Fund management
- Investment
- Income generation
- Production level
- Quality of product
- Quantity sold
- Market reach

19. Group members photo:-



Resolution-cum-Group Consensus Form

It is decided in the General House meeting of the group... Sahara SHGheld on 12-08-24 at Talajal that our group will undertake the Bag Making as Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted).

21/08/24
प्रधान/सचिव
सहारा स्वयं सहायता समूह तलायल,
तहो व जिला शिमला (हि० प्र०)

Signature of Group Pradhan

Kumari Bindu
प्रधान/सचिव
सहारा स्वयं सहायता समूह तलायल,
तहो व जिला शिमला (हि० प्र०)

Signature of Group Secretary

Business Plan Approval by VFDS

.....Sahara..... group will undertake the.....Bag Making..... as
Livelihood Income Generation Activity under the Project for Improvement of
Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted).
In this regard Business Plan of amount (Rs).....4,60,317.....has been
submitted by this group on dated.....12-08-24.....and this business plan has been
approved byTalayar.....VFDS.

Business Plan with SHG resolution is being submitted to DMU through FTU for
further action, please.

Thank you

Signature of VFDS Pradhan
MS
President/Secretary
Village Forest Development Society Talaya

Signature of VFDS Secretary
Chauf
President/Secretary
Village Forest Development Society Talaya

Submitted to DMU through FTU


Name & Signature of FTU Officer


Name & Signature of FTU Coordinator

Approved

enc


Dhirya. N.

Name & Signature of DMU Officer

DFO-cum-DMU OFFICER
JICA FORESTRY Project
SHIMLA