

BUSINESS PLAN

INCOME GENERATING ACTIVITY –Pine needle handicrafts

by

Radhe Krishna - Self Help Group Kufridhar



| | | |
|--------------|----|---------------|
| SHG/CIG Name | :: | Radhe Krishna |
| VFDS Name | :: | Kanda |
| Range | :: | Taradevi |
| Division | :: | Shimla |

Prepared under:



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

Table of Contents

| Sl. No. | Particulars | Page/s |
|---------|--|--------|
| 1 | Background | 3 |
| 2 | Description of SHG/CIG | 4 |
| 3 | Beneficiaries Detail | 5 |
| 4 | Geographical details of the Village | 5 |
| 5 | Description of product related to Income Generating Activity | 5-6 |
| 6 | Production Processes | 6 |
| 7 | Production Planning | 6-7 |
| 8 | Sale & Marketing | 7 |
| 9 | SWOT Analysis | 7-8 |
| 10 | Description of Management among members | 8 |
| 11 | Description of Economics | 9-10 |
| 12 | Inference of Economic Analysis | 11 |
| 13 | Fund Requirement | 11 |
| 14 | Sources of Fund | 11-12 |
| 15 | Bank Loan Repayment | 12 |
| 16 | Trainings/capacity Building / Skill up-gradation | 12 |
| 17 | Monitoring Method | 12 |
| 18 | Group Member Photos | 13 |

Background

The Himalayan mountains attract people from all over the world. Thousands of people come every year to visit and spend time in some of the small hill stations located in the large area of Himalayas. One sees a large area of monoculture pine trees when one enters into the Himalayas. They are long, perfect, and often described as beautiful. But this beauty has been costing forest a lot. As the pine needles are highly inflammable and are the leading causes of forest fires. A majority of the fires were reported from the pine forests since during summer, the trees shed pine needles that are highly inflammable due to the rich content of turpentine oil.

However, these needles which lead to major cause of forest fire in summer season can become the source of income for rural people and also reduce chance of forest fire. This initiative could give women economic empowerment on the one hand, and get their active involvement to work towards protecting and conserving forests. The pine needles can be used to make beautiful and attractive handicraft items such as coasters, table mats, baskets, vases, trays, boxes and other ornamental creations. Although the process of creating these objects is simple, it requires quite some manual skills to weave, coil and braid these pine needles to make each piece a work of artistry.

1. Description of SHG/CIG

| | | |
|-----------------------------|----|-----------------------------|
| SHG/CIG Name | :: | Radhe Krishna |
| VFDS | :: | Kanda |
| Range | :: | Taradevi |
| Division | :: | Shimla |
| Village | :: | Kufridhar |
| Block | :: | Tuto |
| District | :: | Shimla |
| Total No. of Members in SHG | :: | 8 |
| Date of formation | :: | January 2021 |
| Bank a/c No. | :: | 41110108491 |
| Bank Details | :: | Cooperative Bank Ghanahatti |
| SHG/CIG Monthly Saving | :: | 100/- |
| Total saving | | 8000/- |
| Total inter-loaning | | - |
| Cash Credit Limit | | - |
| Repayment Status | | - |

2. Beneficiaries Detail:

| Sl. No | Name | Father/ HusbName | Age | Category | Income Source | Address |
|--------|---------------------|----------------------|-----|----------|---------------|-----------|
| 1 | Smt. Sunita Sharma | Sh. Dayanand Sharma | 42 | Gen. | Agriculture | Kufridhar |
| 2 | Smt. Meena Sharma | Sh. Himanshu Sharma | 39 | Gen. | Agriculture | Kufridhar |
| 3 | Smt. NeelamShrama | Sh. Rajender Sharma | 42 | Gen. | Agriculture | Kufridhar |
| 4 | Smt. Reena | Sh. Kuldeep | 37 | S.C. | Agriculture | Kufridhar |
| 5 | Smt. PremLata | Sh. Manohar Thakur | 38 | Gen. | Agriculture | Kufridhar |
| 6 | Smt. Meena Sharma | Sh. Bhupender Sharma | 46 | Gen. | Agriculture | Kufridhar |
| 7 | Smt. Radha Sharma | Sh. Ami Chand Sharma | 48 | Gen. | Agriculture | Kufridhar |
| 8 | Smt. Santosh Sharma | Sh. Dharmanand | 48 | Gen. | Agriculture | Kufridhar |

3. Geographical details of the Village

| | | | |
|-----|--|----|-----------------|
| 3.1 | Distance from the District HQ | :: | 15Km |
| 3.2 | Distance from Main Road | :: | 500mtr |
| 3.3 | Name of local market & distance | :: | Ghanahatti, 1Km |
| 3.4 | Name of main market & distance | | Shimla, 15 Km |
| 3.5 | Name of main cities & distance | | Shimla, 15Km |
| 3.6 | Name of main cities where product will be sold/ marketed | :: | Shimla |

4. Description of Product related to Income Generating Activity

| | | | |
|-----|----------------------------------|----|--|
| 4.1 | Name of the Product | :: | Pine Needle Handicrafts |
| 4.2 | Method of product identification | :: | This activity is being already done by some SHG members and hasbeen collectively |

| | | | |
|-----|---------------------------------------|----|--------------------------|
| | | | decided by group members |
| 4.3 | Consent of SHG/ CIG / cluster members | :: | Yes |

5. Description of Production Processes

| Step | | Description |
|--------|----|---|
| Step-1 | :: | Collecting the pine needles —The cooperative works together, with their children, to search the hills around their village for the ideal pine needles—long and unbroken. The women often plan ahead, collecting pine needles during Guatemala's dry season in order to make baskets year-round. |
| Step-2 | :: | Preparing the needles —When the women return from a day of gathering pines, they clean the needles and boil them in Glycerin diluted water after that they dry them inside. They store these dried pines so that they can produce product all year long. |
| Step-3 | :: | Weaving baskets and other products —The women start the weaving process with a group of 5-10 pine needles to create a strong base. Wrapping a thread tightly around the pine needles secures them in place. The women continue to wrap the group of pine needles in a circle or oval, using the thread to create the shape and also to add to the aesthetic of the product. The women continue this process to create a variety of designs and often use hundreds of pine needles to create the final product. |
| Step-4 | :: | Finished baskets —After days of hard work the women produce a variety of different products and home furnishing products. |

6. Description of Production Planning

| | | | |
|-----|----------------------|----|--|
| 6.1 | Production (in days) | :: | All around year |
| 6.2 | Manpower | :: | Women do the weaving daily when they free from their daily |

| | | | |
|-----|--|----|---------------------|
| | | | routine activities. |
| 6.3 | Source of raw materials | :: | From Forest |
| 6.4 | Source of other resources | :: | Open market |
| 6.5 | Raw material - quantity required (Kg) per member | :: | 1800 Kg. /per year |

7. Description of Marketing / Sale

| | | | |
|-----|---|----|---|
| 7.1 | Potential market places | :: | Shimla Local market |
| 7.2 | Demand of the product in market place/s | :: | Huge demand at Shimla Market |
| 7.3 | Process of identification of market | :: | SHG members identified the shopkeeper and exhibition in local and Shimla Market. |
| 7.4 | Marketing Strategy of the product | | SHG members will also explore the additional marketing options around their villages for better sale price in future. |
| 7.5 | Product branding | | At CIG/SHG level product will be marketed by branding of respective CIG/SHG. Later this IGA may require branding at cluster level |
| 7.6 | Product "slogan" | | "Nature Friendly" |

8. SWOT Analysis

❖ Strength

- ➔ Activity is being already done by some SHG members
- ➔ Raw material is easily available in forest.
- ➔ Manufacturing process is simple
- ➔ Proper packing and easy to transport
- ➔ Other family members will also cooperate with beneficiaries
- ➔ Product self-life is long

❖ Weakness

- Effect of temperature, humidity, moisture on manufacturing process/product.
- Time consuming process.
- ❖ **Opportunity**
 - Increasing interest towards handicraft products
 - Tourist place market Shimla is easily approachable
 - Best utilization of free time after daily routine activities.
- ❖ **Threats/Risks**
 - Possibility of break of production due moisture in rainy season.
 - Competitive market
 - Level of commitment among beneficiaries towards participation in training/ capacity building & skill up-gradation

9. Description of Management among Members

- ➔ **Production** – It will be taken care of by individual members including procurement of raw materials
- ➔ **Quality assurance** – Collectively
- ➔ **Cleaning & packaging** – Collectively
- ➔ **Marketing** – Collectively
- ➔ **Monitoring of the unit** - Collectively

11. Description of Economics

(Amount in actual Rs.)

| S. No | Particulars | Units | Quantity / Nos. | Cost (Rs.) | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------|---|-----------|-----------------|------------|---------------|---------------|---------------|---------------|---------------|
| A. | Capital Cost | | | | | | | | |
| 1 | Poly woven Fabric bag | Nos. | 8 | 500 | 4000 | 0 | 0 | 0 | 0 |
| 2 | Dari (10x12) | Nos. | 1 | 2000 | 2000 | 0 | 0 | 0 | 0 |
| 3 | Drill Machine | Nos. | 1 | 3000 | 3000 | 0 | 0 | 0 | 0 |
| 4 | Scissors | Nos. | 8 | 200 | 1600 | 0 | 0 | 0 | 0 |
| 5 | Inch tape | Nos. | 8 | 30 | 240 | 0 | 0 | 0 | 0 |
| 6 | Plastic Sheet (10x12) | Nos. | 4 | 1500 | 6000 | 0 | 0 | 0 | 0 |
| 7 | Iron racks | Nos. | 4 | 3000 | 12000 | 0 | 0 | 0 | 0 |
| | Sub-Total | | | | 28,840 | | | | |
| B | Recurring Costs | | | | | | | | |
| 1 | Needles | Nos. | 40 | 5 | 200 | 210 | 221 | 232 | 243 |
| 2 | Thread | Nos. | 480 | 20 | 9600 | 10080 | 10584 | 11113 | 11669 |
| 3 | Wooden Pieces | Nos. | 480 | 100 | 48000 | 50400 | 52920 | 55566 | 58344 |
| 4 | Labor Cost | Per piece | 480 | 300 | 144000 | 151200 | 158760 | 166698 | 175033 |
| 5 | Packing materials | Nos. | 480 | 10 | 4800 | 5040 | 5292 | 5557 | 5834 |
| 6 | Other handling charges(Transportation) | Nos. | 480 | 10 | 4800 | 5040 | 5292 | 5557 | 5834 |
| | Total recurring costs | | | | 211400 | 221970 | 233069 | 244722 | 256958 |
| | Total cost = Capital and recurring | | | | 240240 | 221970 | 233069 | 244722 | 256958 |
| | Sale | Nos. | 480 | 600 | 288000 | 302400 | 317520 | 333396 | 350066 |
| | Net returns (C-B) | | | | 47760 | 80430 | 84452 | 88674 | 93108 |

Note– As labour work will be done by SHG members themselves and pine needle already available in forest and these materials will be not procured by them, therefore, recurring cost (Labour Cost, Cost of procurement of raw material) can be deducted from total recurring cost.

Economic Analysis

| Particulars | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|---------------------|---------------|--------------|--------------|--------------|--------------|--|
| Capital cost | 28,840 | | | | | |
| Recurring cost | 211400 | 221970 | 233069 | 244722 | 256958 | |
| Total cost | 240240 | 221970 | 233069 | 244722 | 256958 | |
| Total revenue | 288000 | 302400 | 317520 | 333396 | 350066 | |
| Net benefits | 47760 | 80430 | 84451 | 88674 | 93108 | |

Distribution of net profit – As per share in production.

12. Inferences of Economic Analysis

- The pine needles can be used to make beautiful and attractive handicraft items such as coasters, table mats, baskets, vases, trays, boxes and other ornamental creations.
- As the demand of chapatti box is 90% so here the chapatti box is taken for calculation purpose.
- It is proposed that each member will produce 60 plus different items every year resulting in production of 480 plus items by all 08 members of SHG in one year.
- Cost of production for chapatti box is Rs.440.00 (per unit)
- The pine needle handicraft making is a profitable IGA and can be taken up by the SHG members.

13. Fund requirement:

| Sl. No. | Particulars | Total Amount (Rs) | Project support | SHG contribution |
|---------|---|-------------------|-----------------|------------------|
| 1 | Total capital cost | 28,840 | 21630 | 7,210 |
| 2 | Total Recurring Cost | 211400 | --- | 211400 |
| 3 | Trainings/ capacity building/skill up-gradation | 50000 | 50000 | ---- |
| | Total = | 290,240 | 71630 | 218610 |

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

14. Sources of fund:

| | | |
|------------------|---|--|
| Project support; | <ul style="list-style-type: none"> • 75% of capital cost will be borne by the project. • UptoRs 1 lakh will be parked in the SHG bank account. • Trainings/capacity building/ skill up-gradation cost. | Procurement materials 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, this include cost of shed/construction of shed. | |
| | <ul style="list-style-type: none"> • Recurring cost to be borne by SHG | |

15. 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.

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:

- ➔ Project Orientation Group Formation/ Reorganization
- ➔ Group Concept and Management
- ➔ Introduction to IGA (General)
- ➔ Marketing and Business Plan Development
- ➔ Bank Credit Linkages & Enterprise Development
- ➔ Exposure Visit of SHGs/ CIGs – Within the State& Outside State

17. Monitoring Mechanism

- ➔ 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.

Group members Photos –



Submitted to DMU through FTU

Name & Signature of FTU Officer

Name & Signature of FTU Coordinator

Approved

Name & Signature of DMU Officer

Resolution-cum-Group Consensus Form

It is decided in the General House meeting of the group Radhe Krishna held on 10-10-21 at Kupidhar that our group will undertake the Pine Needle Handicrafts Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted).

Sumita
प्रधान
राधे कृष्णा स्वयं सहायता समूह
कुफरी वार पंचाहटी शिमला

Shadma
सचिव
राधे कृष्णा स्वयं सहायता समूह
कुफरी वार पंचाहटी शिमला

Signature of Group Pradhan

Sumita
प्रधान
राधे कृष्णा स्वयं सहायता समूह
कुफरी वार पंचाहटी शिमला

Shadma
सचिव
राधे कृष्णा स्वयं सहायता समूह
कुफरी वार पंचाहटी शिमला

Signature of Group Secretary

ग्रामीण वन विकास समीति (V.F.D.S) कण्डा

निर्मल ग्राम पंचायत शामलाघाट डा0 कण्डा तह0 व जिला शिमला (हि0 प्र0)

मो0:- 98176-17500, 94189-19608

क्रमांक 1.

दिनांक 26-10-21

Business Plan Approval by VFDS

Radhakrishna group will undertake the Pine Needle Handicrafts 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) - 2,90,240/- has been submitted by this group on dated and this business Plan has been approved by Kanda VFDS.

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

Thank you.

Indez Pul

Secretary
Village Forest Development Society

President
Village Forest Development Society

26/10/21