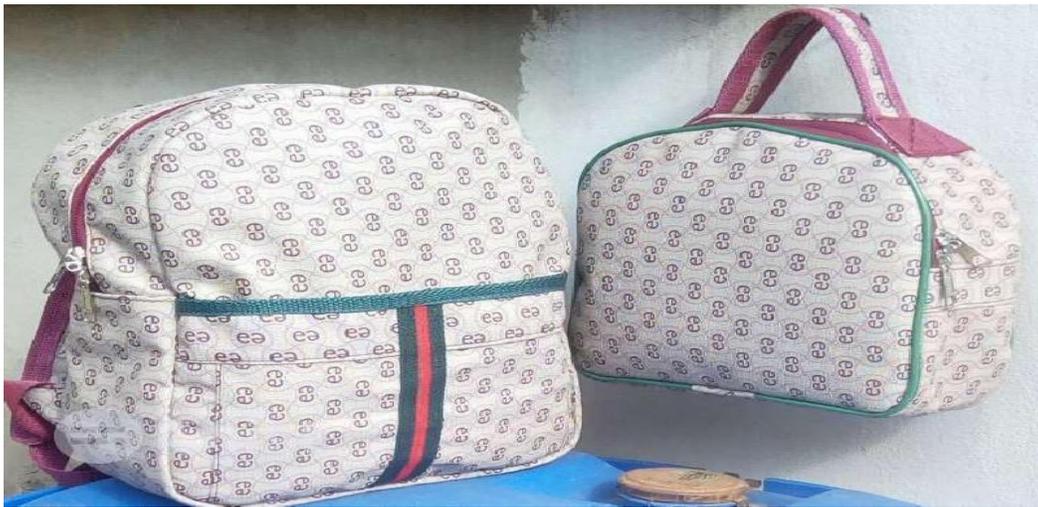




Business Plan
On
Income Generation Activity
Bag-making



VFDS Name	Gathutar
Self Help Group	Maa Baglamukhi
Range	Nagrota Surian
Division	Dehra

Prepared Under-

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

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1.Introduction-

Bagmaking is the Income generation activity that has been decided a Maa Baglamukhi SHG which falls under VFDS Gathutar of Range Nagrota surian and Division Dehra. 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. Bag have their demand all over the year and it is used by all age groups.

A group of 9 women of different age group came together to form a SHG on 15/9/2022 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 Maa Baglamukhi SHG group has collectively decided of bag making as their Income Generation Activity (IGA). This consists of 9 females. 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 has been crafted according to its investment capacity, marketing & promotional strategy and the detailed action plan will be discussed here under:

2. Description of SHG/CIG

1.	SHG/CIG Name	Maa Baglamukhi
2.	VFDS	Gathutar
3.	Range	Nagrota surian
4.	Division	Dehra
5.	Village	Gathutar
6.	Block	Haripur
7.	District	Kangra
8.	Total no. of members in SHG	09
9.	Date of formation	08-09-2022
10.	Bank a/c No.& IFSC code	50100577784610
11.	Bank details	HDFC
12.	SHG/CIG monthly savings	100Rs
13.	Total saving in a month	900rs
14.	Total inter-loaning	-
15.	Cash Credit Limit	1%
16.	Repayment status	-



3. Beneficiaries Details

Sr.no.	Name	M/F	Father/Husband name	AGE	Designation	Contact no.
1	SHAKUNTLA DEVI	F	W/O OM PARKASH	63	Pradhan	8894984142
2	SUDESH KUMARI	F	W/O ASHOK KUMAR	42	Secretary	8894098173
3	RAJ KUMARI	F	W/O TILAK RAJ	44	Treasurer	8894152655
4	SUDHA DEVI	F	W/O SUKHDEV	45	Member	8894984142
5	SUMAN LATA	F	W/O VIPAN KUMAR	39	Member	8219649523
6	REKHA DEVI	F	W/O PIRTHI PAL	41	Member	7807382278
7	ANITA DEVI	F	W/O RAJESH KUMAR	40	Member	8679490329
8	MANJU BALA	F	W/O AJAY KUMAR	33	Member	6230175482
9	YASHODA DEVI	F	W/O ASHOK KUMAR	51	Member	9805205536

4. Geographical details of the Village

1	Distance from the District HQ	65 Km
2	Distance from Main Road	3km
3	Name of local market & distance	Haripur& 5km
4	Name of main market & distance	Nagrota Surian&11 km
5	Name of main cities & distance	Nagrota Surian-11km, Jawali-35km
6	Name of main cities where product will be sold/marketed	Nagrota surian, Haripur, Jawali

5. Market Potential-

After learning the skill of bag making, this Sidh Mahadev 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–Nagrota surian
2	Demand of the product	Throughout the year high demand in march when school opens.
3	Process of identification of market	Group members will contact nearby villagers/h households/institutions.
4	Marketing Strategy	SHG members will directly take orders (group level) from nearby villagers/households/shopkeepers/institutions.
5	Product branding	Maa Baglamukhi Bags
6	Product “Slogan”	“Maa- Baglamukhi” bags-best in quality”

6. Executive Summary- Bagmaking 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/clusters members	Yes

8. Description of Production Processes-

- Total number of members in the group is 9. Almost 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 6 days per week. So, we can say, members of the group will be working for 900 hours monthly.
- The group will make 9 bags per day initially later with experience they can increase the number 10 to 15. In a month, the group will make approx. 375 bags.
- Based on assumption/experience each bag will be manufactured by using material i.e. Mattie cloth, zip, locks, sticker, wire covering, etc.; cost of which will depend on the type and size of bag. We can consider the range of price of using raw material to lie between Rs 100 to Rs 500.
- The total working hours of 1 member in a month (total working days in a month will be 25 and 4 hours per day) will be 100 hours (25 days × 4 hours) and Total working hours of 9 member of SHG in a month will be 900 hours (25 days). Total labour days in a month for the whole group will be 113 days (900÷8). The labour cost comes out to be Rs 39550 (113×350).

SHG name: Maa B a g l a m u k h i

VFDS: Gathutar

Range: Nagrota- surian

Forest Division: Dehra



9. Description of Production planning-

1	Production per cycle(month)	1 month=375 bags
2	Number of ladies involved	All ladies (on rotation Bases per month as decided by SHG Members)
3	Source of raw material	Local market/Main market
4	Source of other resources	Local market/Main market
5	Expected bag production per day	10-15 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.
- ❖ Products half-life is long.
- ❖ 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 of products.
- ❖ there are opportunities of expansion with production at a large-scale.
- ❖ Demand all around the year.

Division: Dehra

❖ Threats/Risks–

- ❖ Risk of conflict in the group members.
- ❖ Sudden increase in price of raw material.
- ❖ Competitive market.

12. Description of Economics-

A. Capital Cost				
Sr.No.	Particulars	Quantity	Unit Price	Amount (Rs)
1	Maa Baglamukhi Bag Making Machine(95T10) with Motor & stand	09	8400	75600
2	Wooden counter Table	1	3000	3000
3	Mat	2(8×10)	3000	6000
4	Almirah	1	12000	12000
5	Tool Kit	9	250	2250
6	Chairs	2	1500	3000
Total Capital Cost (A) = Rs <u>101850</u>				

B. Recurring Cost					
Sr. No.	Particulars	Unit	Quantity	Unit Price	Total Amount (Rs)
1	Mettie cloth	Mtr	170 mtr	150	25500
2	Parachute fabric cloth	Mtr	80 mtr	120	9600
3	Jute Fabric	Mtr	70 mtr	120	8400
4	Bags ticker		200	5	1000
5	Kunde/Lock/Button	Kg	2	1500	3000

6	Hall rent, & stationer expenses	LS	1	1500	1500
7	Foam & Plane printed lining fabric	Mtr.	100	120	12000
8	Thread Reel 6,8,10	Nos	50	50	2500
9	Machine Needle	-	50	50	2500
11	Runner 5&8 No's	Dozen	20	50	1000
12	Tani Bag	KG	250	10	2500
13	Chain 5 No.	Mtr	200 mtr	10	2000
14	Chain 8 No.	Mtr	180	10	1800
15	Labour work will be done by SHG members				-
Total Recurring Cost (B)= <u>73300 Rs.</u>					

C. Cost of production (Monthly)		
Sr.No.	Particulars	Amount
1	Total recurring cost	73300
2	10% depreciation annually on capital cost	10185
Total= 83485		

D. Selling price calculation			
Sr.No.	Particulars	Unit	Amount
1	Cost of production (carry Bags)	1	Approx Rs.20,60,100,130,400
2	Expected selling price (School/Girls side College Bag)	1	Approx40-80-120-300-400
3	Current market price (Travelling Bag)	1	100-150-250-400-500

13. Cost Benefit Analysis (Monthly)

Cost benefit analysis (monthly)		
Sr. No.	Particulars	Amount
1	10% depreciation annually on capital cost	10185
2	Total Recurring Cost	73300
3	Total production of bag per month	375 (approx all sizes 100,80,60)
4	Selling Price of per bag	150 to 500
5	Income generation	131250
6	Net profit (Income generation - Recurring cost)	57950
7	Gross profit (Net profit - Labour Cost)	18400
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 IGA

14. Fund flow arrangement in SHG-

Sr.No.	Particulars	Total Amount (Rs)	Project Contribution 75%	SHG contribution 25%
1	Total capital cost	101850	76388 (75%)	25462 (25%)
2	Recurring cost	73300	-	73300
3	Training	60000	60000	-
	Total	235150/-	136388/-	98762/-

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 borne by project 	Procurement Of machines/ Equipment will be done by
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	<ul style="list-style-type: none"> ❖ Upto 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 	Respective DMU/FC CU After following all codal formalities.
SHG Contribution	<ul style="list-style-type: none"> ❖ 75% or 25% of capital cost be borne by SHG for general category and other categories respectively. ❖ 75% 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/skills up-gradation proposed/needed:

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

17. Computation of break-even point-

$$\begin{aligned} &= \text{Capital Expenditure} / [\text{selling price (per bag)} - \text{cost of production (per bag)}] \\ &= 101850 / (350 - 222) = 796 \text{ Bags} \end{aligned}$$

In this process break-even will be achieved after making 796 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



Group Photograph's: -



Prepared by:

Mr. Madan Lal Sharma (Retd. HPFS)

Ms. Deeksha (SMS)

Resolution-cum-Group Consensus Form

It is decided in the General House meeting of the group Maa Baglamukhi Held on 08/09/2022 at Groathutte
that our group will undertake the Bagmatex as livelihood Income Generation Activity
under the Project for Improvement of Himachal Pradesh Forest Ecosystems management &
Livelihoods (JICA Assisted).

21 gndm

Signature of Group Pradhan

Suresh Kumar

Signature of Group Secretary

Business Plan Approval by VFDS & DMU

...Maa Baglamushi..... Group will undertaken the Bagmber.....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.101850/-..... has been submitted by group on16-12-2021..... And the business plan has been approved by the VFDS...Gadhutan.....

Business Plan is submitted through FTU for further action please.

Thank you

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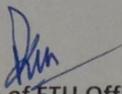
Signature of Group President

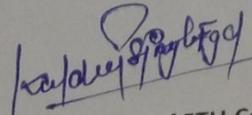
M. Kumar
Signature of President VFDS
Manjeet Kumar

Suresh Kumari
Signature of Group Secretary

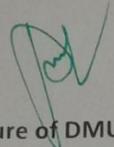
Approved
DFO
DMU-CUM-Dehra

Submitted to DMU through FTU


Name & Signature of FTU Officer
Range Forest Officer
Nagrota Surian (H.P.)


Name & Signature of FTU Coordinator
Kuteley Singh Forest Guard
I/c Bilaspur Beat

Approved


Name & Signature of DMU Officer