

## INCOME GENERATING ACTIVITY – Machine Knitting

by

Dumbo- Self Help Group



SHG/CIG Name	::	<b>Dumbo SHG</b>
VFDS/BMC 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 Dumbo Self help group will be located at village Lair P.O. Tabo & Tehsil Kaza, Distt.Lahaul & Spiti HP. The total 30 to 35 households in village Lair as it 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	::	Dumbo SHG
3.2	VFDS/BMC	::	Lair
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	::	13- females
3.9	Date of formation	::	24/08/2015
3.10	Bank a/c No.	::	50061005406
3.11	Bank Details	::	KCC Bank Tabo
3.12	SHG/CIG Monthly Saving	::	100/member from last one month
3.13	Total saving	::	1800
3.14	Total inter-loaning	::	--
3.15	Cash Credit Limit	::	--
3.16	Repayment Status	::	--

**4. Beneficiaries Detail:**

<b>Sr. No</b>	<b>Name</b>	<b>Designation</b>	<b>Qualification</b>	<b>Age</b>	<b>Category</b>	<b>Income Source</b>	<b>Mobile No.</b>
1.	Chhering Lamo	Member	10 <sup>th</sup>	47	S.T	Agriculture	8580751472
2.	Palden Dolma	Member	10 <sup>th</sup>	58	S.T	Agriculture	7018787256
3.	Angrup Dolma 1	Member	12 <sup>th</sup>	45	S.T	Agriculture	
4.	Prem Lata	Member	12 <sup>th</sup>	50	S.T	Agriculture	9015132969
5.	Dikit Yagjom	Member	12 <sup>th</sup>	38	S.T	Agriculture	9015156978
6.	Rigzin Dolma	President	12 <sup>th</sup>	46	S.T	Agriculture	7876488906
7.	Dikit Wagchuk	Member	10 <sup>th</sup>	45	S.T	Agriculture	7973118497
8.	Chhering angmo	Member	12 <sup>th</sup>	36	S.T	Agriculture	7018179385
9.	Dorje Dolma	Member	12 <sup>th</sup>	45	S.T	Agriculture	9418415202
10.	Sonam Dolma	Member	7 <sup>th</sup>	36	S.T	Agriculture	9418985254
11.	Champa Dolma	Secretary	12 <sup>th</sup>	37	S.T	Agriculture	9459410676
12.	Lobzang Lamo	Member	12 <sup>th</sup>	43	S.T	Agriculture	9418759103
13.	Devi Chhemet	Member	12 <sup>th</sup>	46	S.T	Agriculture	7876858738

## 5. Geographical details of the Village:

5.1	Distance from the District HQ	::	65KM
5.2	Distance from Main Road	::	3KM
5.3	Name of local market & distance	::	Kaza 65 KM approx. Tabo 10 KM approx.
5.4	Name of main market & distance	::	Kaza 65 KM approx. Tabo 10 KM approx Kaza 65 KM approx.
5.5	Name of main cities & distance	::	Kaza 65 KM approx. Tabo 10 KM approx Kaza 65 KM approx.
5.6	Name of places/locations where product will be sold/ marketed	::	Kaza 65 KM approx.

## 6. Management

Knitting centre by Dumbo SHG Lari has 13 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 this 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

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

### ❖ Weakness

- Lack of technical know-how

### ❖ Opportunity

- Increasing demand for good products

### ❖ Threats/Risks

- Competitive market
- 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.

### **SHG 1<sup>st</sup> IGA:- Machine Knitting**

<b>A. CAPITAL COST</b>					
<b>Sr. No.</b>	<b>Particulars of Machinery.</b>	<b>Quantity</b>	<b>Rate per Unit</b>	<b>Total Amount</b>	<b>Remarks</b>
1	Punch card knitting machine	13	26000	338000	
<b>Total capital cost</b>				<b>338000</b>	

<b>B. Recurring cost</b>				
<b>Sr.No.</b>	<b>Particulars</b>	<b>Unit</b>	<b>Rate</b>	<b>Amount</b>
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
<b>Total Recurring cost</b>				<b>42000</b>

### 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, Muflers, Socks etc.) per day as finally finished product and daily 20 items can be made available for sale. Keeping in view this production rate of approximately 600 finished items will be ready for sale in one month. As beginner the item rate on an average is 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	338000	253500	84500
<b>Recurring cost</b>			
10% depreciation on capital cost/ month	33800	-	33800
Other expenditure per Month	42000	-nil-	42000
<b>Total</b>	<b>413800</b>		<b>160300</b>

Total sale in a month  $(500 \times 600) = 300000$

Total expenditure in first month  $(33800 + 42000) = 75800$

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:

<b><u>Capital cost</u></b>		
<b>Particulars</b>	<b>Amount</b>	<b>SHG contribution</b>
Capital cost	338000	84500
<b><u>Recurring expenditure</u></b>		
i) Other expenditure on material cost etc.	75800	
<b>Total cost</b>	<b>338000+75800= 413800</b>	
<b>Total sale in 1<sup>st</sup> month</b>	<b>300000</b>	
<b>Net profit</b>	<b>113800</b>	

#### 14. **Sharing of the profit**

The members of SHG has mutually agreed with consent voice that in the 1<sup>st</sup> month Rs. 5500 will be paid to each member as income and the remaining 66,000 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:**

<b>Sr.No.</b>	<b>Particulars</b>	<b>Total Amount (Rs)</b>	<b>Project contribution (75%)</b>	<b>SHG contribution (25%)</b>
1	Total capital cost	338000	253500	84500
2	Total Recurring Cost	75800	00	75800
3	Trainings	80000	80,000	0
	<b>Total outlay</b>	<b>493800</b>		<b>160300</b>

#### **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"> <li>• 75% of capital cost will be utilized for purchase of machines.</li> <li>• Upto Rs. 1 lakh will be parked in the SHG bank account as a revolving fund.</li> <li>• Training/capacity building/skill up-gradation cost.</li> </ul>	Procurement of machines will be done by respective DMU/FCCU after following all formalities.
SHG contribution	<ul style="list-style-type: none"> <li>• 25% of capital cost to be borne by SHG.</li> <li>• Recurring cost to be borne by SHG</li> </ul>	

## SHG Add On Activity:- Traditional Food sale Stall

A	Capital Cost				
Sr.No	Particulars of Utensils	Quantity	Rate Per unit	Total Amount	Remarks
1	Steamer	1(Big)	7000	7000	
2	Gas (two burner)	1	5000	5000	
3	Glass	24	85	2040	
4	Plate (Thali)	24	200	7200	
5	Flask (thermos)	Big (2)	2000	4000	
6	Flask (thermos)	small (2)	1200	2400	
7	Spoon	50	30	1500	
8	Pressure cooker	22 Lit. (2)	8000	8000	
9	Cooking Pot (Kadhai)	1 (medium)	2000	2000	
	<b>Total Amount</b>			<b>39140</b>	

## 12. Total production and sale amount in month

Since it is an additional activity as add on 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 Thar Chhomo SHG will sell one product as consumable (Sidu, Momo, Thukpa, Thentuk, Satu products) per day as finally finished product and daily 15 edible local product 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. 150 each therefore the total income per month is worked as under:

<b>Particulars</b>	<b>Total Amount (Rs.)</b>	<b>Project Contribution (75%)</b>	<b>SHG contribution (25%)</b>
Total capital cost	39140	29355	9785
<b>Recurring cost</b>			
10% depreciation on capital cost/ month	3900	-	3900
Other expenditure per Month	7500	0	7500
<b>Total</b>	<b>50540</b>	<b>29355</b>	<b>21185</b>

Total sale in a month  $(150 \times 450) = 67500$

Total expenditure in first month  $(7500 + 3900) = 11400$

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:

<b><u>Capital cost</u></b>		
<b>Particulars</b>	<b>Amount</b>	<b>SHG contribution</b>
Capital cost	39140	9785
<b><u>Recurring expenditure</u></b>		
i) Other expenditure on material cost etc.	7500	
<b>Total cost</b>	<b>7500+9785=17285</b>	
<b>Total sale in 1<sup>st</sup> month</b>	<b>67500</b>	
<b>Net profit</b>	<b>50215</b>	

## 12. **Sharing of the profit**

The members of SHG has mutually agreed with consent voice that in the 1<sup>st</sup> month Rs. 3200/- will be paid to each member as income and the remaining 8615 profit will be kept as emergency reserve in their bank account to meet up the future contingency, if any.

## 13. **Fund flow in the group:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Total Amount (Rs)</b>	<b>Project contribution (75%)</b>	<b>SHG contribution (25%)</b>
1	<b>Total capital cost</b>	<b>39140</b>	<b>29355</b>	<b>9785</b>
2	Total Recurring Cost	17285	00	17285
3	Trainings	0	0	0
	<b>Total outlay</b>	<b>56425</b>	<b>29355</b>	<b>27070</b>

**Total capital Cost:- 39,140**

**Project Contribution (75%):- 29,355**

**SHG Contribution (25%):- 9,785**

## 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. **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.

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.





## SHG 1<sup>st</sup> IGA Agreement Certificate

### समूह के बिज़नेस प्लान का सहमति पत्र

आज दिनांक 24/12/2023 को BMC Sub Committee - Lari में डुम्बो 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 सहमती दिखाई है। और कार्य करके समूह की आय को बढ़ाएगी। और आजिविका सुधार योजना जाइका परियोजना से जुड़ने में सब ने सहमति दिखाई है।

रिंगजिन डोलमा  
प्रधान

राधा देवी  
सचिव

Approved

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

Div  
Spi  
at K


## Certificate of Approval by DFO

### CERTIFICATE

It is certified that the Business plans for Add on Activity for 11 SHGs pertaining to Spiti WL Division have been Approved.

The abstract of SHGs Add On Activity as per Approved Business Plans is as follows:-

S. no.	SHG Name	BMC Se	Range	Ist IGA	Add on Activity	Capital Cost	Project Contribution (75%)	SHG Contribution (25%)
1	Kytling	Keuling	Kaza	Agriculture/Food processing	Machine Knitting	308000	231000	77000
2	Lotus	Lidang	Kaza	Food processing/Seabuckthorn	Pickle Making	34750	26063	8688
3	Mentok	Rangrik	Kaza	Handloom	Machine Knitting	180000	135000	45000
4	Sampa	Shego/lara	Kaza	Machine Knitting	Agriculture	82300	61725	20575
5	River B	Keuling/Kwang	Kaza	Hand Knitting	Food processing	60000	45000	15000
6	Zomsa	Keuling/Kwang	Kaza	Machine Knitting	Small scale Flour Mill	30000	22500	7500
7	Aatma	Tabo	Tabo	Hand Knitting	Food Stall	131044	98283	32761
8	Dumbo	Larri	Tabo	Machine Knitting	Food Stall	39140	29355	9785
9	Layul	Poh	Tabo	Hand Knitting	Food Stall	56540	42405	14135
10	Thunlam	Poh	Tabo	Hand Knitting	Food Stall	58940	44205	14735
11	Thar Chhomo	Larri	Tabo	Machine Knitting	Food Stall	24600	18450	6150
					<b>Total</b>	<b>1005314</b>	<b>753986</b>	<b>251329</b>

  
Deputy Conservator of Forests  
Spiti Wildlife Division at Kaza.

# Photos of Members



Chhering Lamo



Dikit Yangzom



Lobzang Lamo



Dikit Wangchuk



Champa Dolma



Chhering Angmo



Palden Dolma



Dorje Dolma



Rigzin Dolma



Devi Chimet



Angrup Dolma- 1



Prem Lata



Sonam Dolma