

BUSINESS PLAN

INCOME GENERATING ACTIVITY –Vermi-composting by Vermicompost Sharsha - Self Help Group



SHG/CIG Name	::	VERMICOMPOST SHARSHA
VFDS Name	::	SHARSHA
Range	::	NITHER
Division	::	ANI AT LUHRI

Prepared under:



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

Table of Contents

Background	3
1. Description of SHG/CIG	4
2. Beneficiaries Detail	4
3. Geographical details of the Village	5
4. Description of Product related to Income Generating Activity	5
5. Description of Production Processes	6
6. Description of Production Planning	7
7. Description of Marketing/ Sale	7
8. SWOT Analysis	8
9. Description of Management among Members	8
10. Cost analysis	9
11. Gist of Economic Analysis	12
12. Fund requirement	12
13. Sources of fund	12
14. Bank loan repayment	13
15. Trainings/ Capacity Building/ Skill Up-gradation	13
16. Monitoring Mechanism	13

Background

Vermi-composting has been gaining a strong foothold in the country due to ecological economic and human health benefits associated with it. The use of vermin-compost in place of chemical fertilizers results into better soil health balanced ratio of various minerals and good fertility and best quality crop production. The organic farming which has taken the front seat in the present day lifestyle is mainly possible by using vermicompost in production of all the organic food-chain

Vermi composting

Vermi-composting is a process in which the earthworms convert the organic waste into manure rich in high nutritional content. Earthworms are commonly found living in soil, feeding on biomass and excreting it in a digested form. Earthworms feed on the organic waste materials and give out excreta in the form of “vermicasts” that are rich in nitrates and minerals such as phosphorus, magnesium, calcium and potassium. These vermicasts are used as fertilizers and they improve the soil quality.

Materials required

1. Water
2. Cow dung
3. Thatched roof
4. Soil or sand
5. Earthworms
6. Gunny bags
7. Organic biomass
8. Plastic or cemented tank
9. Dry straw and leaves collected from the fields
10. Biodegradable wastes collected from fields and kitchen

1. Description of SHG/CIG

SHG/CIG name	Vermicompost Sharsha
VFDS	Sharsha
Range	Nither
Division	Ani at Luhri
District	Kullu
Total no. of members in SHG	11
Date of formation	7-8-2020
Bank account no.	2429000100098799
Bank details	PNB Bagipul
SGH/CIG monthly saving	50 /-
Total saving	6600/-
Total inter loaning	1000/-
Cash credit limit	
Repayment status	

2. Beneficiaries Detail:

Sr.No.	Name	Father/ Husband Name	Age	Category	Income source	Address	Contact no.
1.	ShyamChand (President)	Pune Ram	43	General	Agriculture	Sharsha	89880-40733
2.	Karam Dass (Secretary)	Dhyaan Chand	46	General	Agriculture	Sharsha	94184-67476
3.	Bhawani Dass	Ganga Ram	32	General	Agriculture	Sharsha	
4.	Raghuvir Singh	Anant Ram	51	General	Agriculture	Sharsha	
5.	Sanjay Kumar	Roop Lal	36	General	Agriculture	Sharsha	
6.	Anoop Ram	Ganga Ram	45	General	Agriculture	Sharsha	
7.	Tara Chand	Dhayan Chand	43	General	Agriculture	Sharsha	
8.	Puran Chand	Pyare Lal	47	General	Agriculture	Sharsha	
9.	Shiv Ram	Bhudh Ram	59	General	Agriculture	Sharsha	
10.	HukamDass	Param Ram	48	General	Agriculture	Sharsha	
11.	Pushpendra	Lagan Dass	27	General	Agriculture	Sharsha	

3. Geographical Details of The Village

3.1	Distance from the District HQ	::	180 km
3.2	Distance from Main Road	::	1.5km
3.3	Name of local market & distance	::	Bagipul, 35km
3.4	Name of main market & distance	::	Rampur, 65km
3.5	Name of main cities & distance	::	Rampur, 65km Nirmand, 45km
3.6	Name of main cities where product will be sold/ marketed	::	Rampur

4. Description of Product related to Income Generating Activity

4.1	Name of the Product	::	Vermi-composting
4.2	Method of product identification	::	The activity was shortlisted and finalized from the various activities suggested by the group members on the basis of prioritization.
4.3	Consent of SHG/CIG/cluster members	::	Yes

5. Description of Production Process

Step 1	To prepare compost, either a plastic or a concrete tank/pit can be used. The size of the tank/pit depends upon the availability of raw materials, however as a standard, the sizing is being kept 10ftX4ftX2ft.
Step-2	Collect the biomass and place it under the sun for about 8-12 days. Now chop it to the required size using the cutter.
Step-3	Prepare a cow dung slurry and sprinkle it on the heap for quick decomposition.
Step-4	Add a layer (2 – 3 inch) of cement concrete at the bottom of the tank/pit.
Step-5	Now prepare fine bedding by adding partially decomposed cow dung, dried leaves and other biodegradable wastes collected from fields and kitchen. Distribute them evenly on the concrete layer.
Step-6	Continue adding both the chopped bio-waste and partially decomposed cow dung layer-wise into the tank/pit up to a depth of 0.5-1.0 ft.
Step-7	After adding all the bio-wastes, release the earthworm species over the mixture and cover the compost mixture with dry straw or gunny bags.
Step-8	Sprinkle water on a regular basis to maintain the moisture content of the compost.
Step-9	Cover the tank/pit with a thatch roof to prevent the entry of ants, lizards, mouse, snakes, etc. and protect the compost from rainwater and direct sunshine.
Step-10	Have a frequent check to avoid the compost from overheating. Maintain proper moisture and temperature.

6. Description of Production Planning

6.1	Production Cycle (in days)	::	90 days (three cycles in a year)
6.2	Manpower required per cycle (No.)	::	1
6.3	Source of raw materials	::	From household and own farms
6.4	Source of other resources	::	Open market
6.5	Raw material - quantity required per cycle (Kg) per member	::	1800 Kg per cycle
6.6	Expected production per cycle (Kg) per member	::	900Kg per cycle

7. Description of Marketing/ Sale

7.1	Potential market places	::	HP Forest Deptt. Local market Use on own farm
7.2	Distance from the unit	::	To be supplied on different locations
7.3	Demand of the product in market place/s	::	HP Forest Deptt. is procuring huge vermi-compost for their nursery
7.4	Process of identification of market	::	PMU will facilitate the tie up of procurement of vermi-compost produced by SHG with HP Forest Deptt.
7.5	Marketing Strategy of the product	::	SHG members will also explore the additional marketing options around their villages for better sale price in future.
7.6	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
7.7	Product "slogan"	::	"Nature Friendly"

8. SWOT Analysis

❖ Strength

- ⊖ Activity is being already done by some SHG members
- ⊖ Each of the SHG members are having cattle varying from 2 to 8 in each household
- ⊖ Families of SHG members are cultivating high value crops & vegetables which offers adequate availability of raw materials i.e. farm organic wastes throughout the year.
- ⊖ Raw material easily available at their farms
- ⊖ 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.
- ⊖ Lack of technical know-how

❖ Opportunity

- ⊖ Increasing demand of vermi-compost on account of awareness among farmers about organic and natural farming
- ⊖ Application of vermi-compost on their own field will go a long way in improving and enhancing the soil health and production of quality farm produce which will offer better price.
- ⊖ Best utilization of organic waste including household left outs of kitchens
- ⊖ Potential for marketing tie up with HP Forest

❖ Threats/Risks

- ⊖ Possibility of break of production cycle due to extreme weather
- ⊖ 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

10. Cost analysis

(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								
A. 1	Construction of work-shed								
1	Hardware items, construction of pit (Size will be of 10ftX4ftX2ft)	Per member	11	6000	66000	0	0	0	0
2	Construction of cover shed	Per member	11	4000	44000				
	Sub-total (A.1)				110000	0	0	0	0
A. 2	Machinery and equipment								
2	Tools, equipment etc.	Per member	11	2000	22000	0	0	0	0
	Sub-total (A.2)				22000	0	0	0	0
	Total Capital Costs (A.1+A.2)				132000	0	0	0	0
B	Recurring Costs								
*3	Lease of land for setting up unit	Per annum	11	0	0	0	0	0	0
4	Other miscellaneous expenses	Per annum	11	0	0	0	0	0	0

5	Seed earthworm	Per Kg	11	500	5500	0	0	0	0	0
*6	Cost of procurement of Slurry/dung/waste	Tonnes	0	0	0	0	0	0	0	0
*7	Labour Cost	Per tonne	0	0	0	0	0	0	0	0
8	Packing materials	No.	110	50	5500	6000	7000	7500	8000	
9	Other handling charges	Per tonne	50	100	5000	6000	6500	7000	7500	
C	Other charges									
10	Insurance	L/S			0	0	0	0	0	0
11	Interest on loan	Per annum		0	0	0	0	0	0	0
	Total recurring costs				16000	12000	13500	14500	15500	
	Total cost = Capital + recurring				148000	12000	13500	14500	15500	
D	Income from vermicomposting									
12	Sale of vermicompost	Tonnes	33	6000	198000	214500	231000	247500	264000	
13	Sale of earthworm				(6000)	(6500)	(7000)	(7500)	(8000)	
14	Total revenue					5000	10000	10000	10000	
15	Net returns (D-C)				198000	219500	241000	257500	274000	
					50000	207500	227500	243000	258500	

Note –

*3. On own land

*6 all operation will be done by the member themselves

*7 no extra labour cost, since all member will do the work themselves

() rates per tonne given in the parenthesis

Abstract of Cost/ Benefit

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Capital cost	132000	0	0	0	0
Recurring cost	16000	12000	13500	14500	15500
Total cost	148000	12000	13500	14500	15500
Total revenue	198000	219500	241000	257500	274000
Net profit	50000	207500	227500	243000	258500

11. Gist of Economic Analysis

- Pit size for each member has been planned at 10X4X2 ft for one pit.
- Cost of production of vermi-compost has been estimated at Rs. 3.6 per Kg
- Sale of vermi-compost (conservative side) is proposed at Rs. 6 per Kg
- Net profit is estimated to be Rs. 6-3.6 = 2.4 per Kg
- It is proposed that each member will produce 3.3tonnes of vermi-compost every year resulting in production of 36.3tonnesvermi-compost by all 11 members of SHG in one year.
- Cost of earthworm has been kept at Rs. 500.00 per kg
- During the second years onwards, there will be surplus earthworms for sale (as it will multiply during the process of production of vermi-compost)
- The vermi-compost making is a profitable IGA and therefore has been taken up by the SHG members.

12. Fund requirement:

Sl. No.	Particulars	Total Amount (Rs)	Project support	SHG contribution
1	Total capital cost	132000	66000	66000
2	Total Recurring Cost	16000	0	16000
3	Trainings/ capacity building/skill up-gradation	25000	25000	
	Total =	173000	91000	82000

Note-

- **Capital Cost** - 50% 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

13. Sources of fund:

Project support;	<ul style="list-style-type: none"> • 50% of capital cost will be utilized for construction of pit (Size will be of 10ftX4ftX2ft) • Rs 1 lakh as revolving fund will be parked in the SHG bank account (should be utilized for taking bank loan in case of taking loan from bank) or as a revolving 	Procurement of materials for pit/construction of pit will be done by respective DMU/FCCU after following all codal formalities.
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	fund.	
	<ul style="list-style-type: none"> • Trainings/capacity building/skill up-gradation cost. 	
SHG contribution	<ul style="list-style-type: none"> • 50% of capital cost to be borne by SHG, this include cost of shed/construction of shed. • Recurring cost to be borne by SHG 	

14. 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.

15. 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

16. 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 -

Group members Photos



Tara
Chand



Sanjay Kumar



Shyam
Chand



Raghuvir
Singh



Puran
Chand



Hukam
Dass



Anoop
Ram



Shiv Ram



Bhawani
Singh



Pushpender



Karam
Dass

Prepared by: Mr. M.M.Khushdil (Retd. HPFS)

Dr. Lalit Thakur (SMS)

Ms. Mitika Gupta (FTU Co-ordinator)

The business plan of Self Help Group **Vermicompost Sharsha** for the IGA of **Vermicomposting** was presented before the general house of VFDS Sharsha for approval. After long discussion and thoughtful deliberations by the different members, the business plan was approved for adoption in the SHG and further implementation by the members of the SHG.

Dated: 25-09-21
Place: Sharsha.

Fajed
Secretary
V.F.D.S. Sharsha
General Secretary

Yelawat
Secretary -
V.F.D.S.
Teh. Nirmand, Distt. Kullu H.P. Jammu
Treasurer

[Signature]
President
V.F.D.S. Sharsha
President

Approved

[Signature]
DMU. Cum. Divisional
Forest officer Anil at
Luhri.

[Signature]
FTUNilher