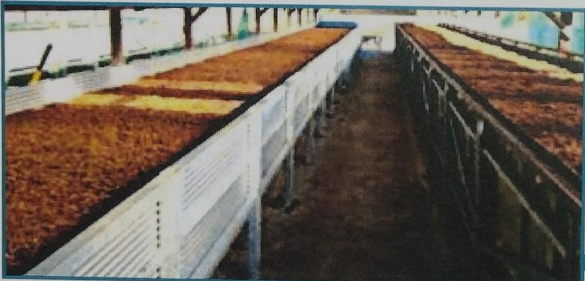


BUSINESS PLAN

INCOME GENERATING ACTIVITY –VERMICOMPOST
BY
NARSINGH DEVTA RAJPURI- SHG Shallar-Nandpur



Management & Livelihoods (JICA Assisted)

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Background

Vermicomposting has been gaining a strong foothold in the country due to simple production techniques, ecological, economic and human health benefits associated with it. A significant number of vermicomposting units have been set up by entrepreneurs, under government support/ with the technical guidance of Non-Governmental Organizations (NGOs), particularly in the southern and central parts of the country.

Vermicomposting has direct environmental and economic benefits as it contributes to the sustainable agriculture production and income of farmers significantly. There are a number of NGOs, Community Based Organizations (CBOs), Self-Help Groups (SHGs), Trusts etc. which are making concerted efforts to promote vermicomposting technology due to its established economic and environmental advantages.

Vermicomposting

Vermicomposting is the scientific process of making compost, by using earthworms. They are mostly found living in soil, feeding on biomass and excreting it in a digested form. Vermicompost is a type of organic fertilizer. It is derived by composting organic waste by using several species of earthworms. This method of producing vermicompost is called Vermicomposting. Production of compost through rearing/using earth worms is called the vermicomposting technology. It is one of the simplest and cost effective methods for the production of composting for both the small and large scale farmers. Vermicompost production unit can be set up in any land which is not under any economic use but shady and free from water stagnation. The site should also be nearer to a water resource

Vermicomposting, rightly called “gold from garbage” is the major input in organic agriculture production. Owing to simple technology, many farmers are engaged in vermicomposting production as it invigorates soil health, soil productivity reduces the cost of cultivation.

There is a gradual increase in demand for vermicompost due to the high level of nutrient contents. Secondly, larger population is now shifting towards natural and organic products.

1. Description of SHG/CIG

SHG/CIG Name	::	NARSINGH DEVTA RAJPURI
VFDS	::	Jagriti VFDS Shallar-Nandpur

Range	::	Saraswati Nagar
Division	::	Rohru
Village	::	Shallar/Sanoli/Nandpur
Block	::	Jubbal
District	::	Shimla
Total No. of Members in SHG	::	10
Date of formation	::	March, 2021
Bank A/c No.	::	44810107171
Bank Details	::	H.P Co-operative Bank Sawra
SHG/CIG Monthly Saving	::	100/-
Total saving		9200/-
Total inter-lending		-----
Cash Credit Limit		-----
Repayment Status		-----

2. Beneficiaries Detail:

Sl. No	Name	Father/ W/o	Age	Category	Income Source	Address
1	Samila	W/o Mohar Singh	32	S.C	Agriculture	Shallar
2	Pooja	W/o Kanwar Singh	27	S.C	Agriculture	Shallar
3	Babita	W/o Lt. Mohan Singh	27	S.C	Agriculture	Sanoli
4	Archana Bharti	W/o Suresh Kumar	28	S.C	Agriculture	Nandpur
5	Kavita	W/o Balwant	27	S.C	Agriculture	Nandpur
6	Lalita	W/o Shyama Nand	32	S.C	Agriculture	Shallar
7	Pooja	W/o Pradeep	25	S.C	Agriculture	Nandpur
8	Usha	W/o Narender	26	S.C	Agriculture	Shallar
9	Nitika	D/o Jagat Ram	21	S.C	Agriculture	Nandpur
10	Reetu	W/o Kanwar Singh	23	SC	Agriculture	Nandpur

3. Geographical details of the Village

3.1	Distance from the District HQ	::	110 Km
3.2	Distance from Main Road	::	0200 Meters
3.3	Name of local market & distance	::	Anti/Saraswati-nagar--14 Kmtrs
3.4	Name of main market & distance		Rohru, 24 Km
3.5	Name of main cities & distance		Rohru, 24 Km
3.6	Name of main cities where product will be sold/ marketed	::	HP Forest Deptt. & Rohru and Jubbal

4. Description of Product related to Income Generating Activity

4.1	Name of the Product	::	Vermicomposting
4.2	Method of product identification	::	The group is interested to do this activity. Being apple belt, there is a huge demand of vermicomposting. The activity has been collectively decided by group members

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4.	Consent of SHG/ CIG / cluster members	::	Yes
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5. Description of Production Processes

Step		Description
Step-1	::	Processing involving collection of wastes, shredding, mechanical separation of the metal, glass and ceramics and storage of organic wastes.
Step-2	::	Pre digestion of organic waste for twenty days by heaping the material along with cattle dung slurry. This process partially digests the material and fit for earthworm consumption. Cattle dung and biogas slurry may be used after drying. Wet dung should not be used for vermicompost production.
Step-3	::	Preparation of earthworm bed. A concrete base is required to put the waste for vermi-compost preparation. Loose soil will allow the worms to go into soil and also while watering; all the dissolvable nutrients go into the soil along with water.
Step-4	::	Collection of earthworm after vermi-compost collection. Sieving the composted material to separate fully composted material. The partially composted material will be again put into vermi-compost bed.
Step-5	::	Storing the vermi-compost in proper place to maintain moisture and allow the beneficial microorganisms to grow.

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	::	900 Kg per cycle

7. Description of Marketing/ Sale

7.1	Potential market places	::	HP Forest Deptt.
7.2	Distance from the unit	::	Local market Use on own farm
7.3	Demand of the product in market place/s	::	HO Forest deptt is procuring huge vermi-compost for their nursery and shall be in huge demand for orchards in locality
7.4	Process of identification of market	::	PMU will also facilitate the tie up of procurement of vermi-compost produced by SHG by 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. 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								
A.1	Construction of Pit and shed								
1	Construction as well as labour cost (Pit Size internal will be of 10ftX4ftX2ft)	Per member	10	6000	60000	0	0	0	0
2	Errction of cover shed	Per member	10	4000	40000				
	Sub-total (A.1)				100000	0	0	0	0

A.2	Machinery and equipment								
3	Tools, equipment, weighing scale etc.	Per member	10	2000	20000	0	0	0	0
	Sub-total (A.2)				20000	0	0	0	0
	Total Capital Costs (A.1+A.2)				120000	0	0	0	0
B	Recurring Costs								
4	Seed earthworm	Per Kg	10	500	5000	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Tonnes	60	900	54000	56700	59535	62511	65637
6	Labour Cost	Per tonne	30	700	21000	22050	23152	24310	25525
7	Packing materials	No.	3500	2	7000	7350	7717	8103	8508
8	Other handling charges	Per tonne	30	150	4500	4725	4961	5209	5469
C	Other charges								
9	Insurance	L/S			0	0	0	0	0
10	Interest on loan	Per annum		2 per cent	3000	3000	3000	3000	3000
	Total recurring costs				94500	93825	98365	103133	108139
	Total cost - Capital and recurring				214500	93825	98365	103133	108139
D	Income from vermicomposting								
11	Sale of vermicompost	Tonnes	30	6000	180000	189000	198500	208372	218791
12	Sale of earthworm					5000	10000	10000	10000
13	Total revenue				180000	194000	208500	218372	228791
14	Net returns (D-C)				85500	100175	110135	115239	120652

Note – As labour work will be done by SHG members themselves and Slurry/dung/waste already available at their place and these materials will be not procured by them, therefore, recurring cost (Labour Cost, Cost of procurement of Slurry/dung/waste) can be deducted from total recurring cost.

Economic Analysis

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital cost	120000	0	0	0	0	
Recurring cost	94500	93825	98365	103133	108139	
Total cost	214500	93825	98365	103133	108139	617962
Total benefits	180000	194000	208500	218372	228791	1029663

Net benefits	-34500	100175	110135	115239	120652	411701
Net present worth of cost @15 per cent	617962					
Net present worth of benefits @15 per cent	102966 3					
Benefit Cost Ratio	1.66					

Distribution of net profite – As per share in production.

11. Inferences of Economic Analysis

- Pit size for each member has been planned at 10X4X2 ft for one pit.
- Cost of production of vermi-compost comes to Rs. 3.2 per Kg
- Sale of vermi-compost (conservative side) is Rs. 6 per Kg
- Net profit will be Rs. 2.8 per Kg
- It is proposed that each member will produce 2.7 tonnes of vermi-compost every year resulting in production of 40 tonnes vermi-compost by all 15 members of SHG in one year.
- Cost of earthworm has been kept at Rs. 500.00 per kg
- During the second year onwards, there will be surplus earthworm for sale (as it will multiply during the process of production of vermi-compost)
- The vermi-compost making is a profitable IGA and can be taken up by the SHG members.

12. Fund requirement:

Sl. No.	Particulars	Total Amount (Rs)	Project support	SHG contribution
1	Total capital cost	120000	90000	30,000
2	Total Recurring Cost	94500	0	94500
3	Trainings/ capacity building/skill up-gradation	50000	50000	0
	Total =	264500	140000	124500

Note-

- **Capital Cost** - 75% of capital cost to be covered under the Project being SC group
- **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">• 75% of capital cost will be utilized for construction of pit and shed (Size will be of 10ftX4ftX2ft)• Upto Rs 1 lakh will be parked in the SHG bank account.• Trainings/capacity building/skill up-gradation cost.	Procurement of materials for pit/construction of pit 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.• 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 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.
- 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.

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 –



Resolution-cum-Group Consensus

It is decided in the General House Meeting of the group *SHG Nar Singh Devta Raipuri* held on *06-02-2021* at *Shalar*..... that our group will undertake the *Vermi Composting* as Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted).

Kavita
Signature of Group Secretary
SHG Nar Singh Devta Raipuri
Vill. Raipuri (Shilar) G.P. Nandpur
Distt. Shimla H.P.

[Signature]
Signature of Group Secretary
SHG Nar Singh Devta Raipuri
Vill. Raipuri (Shilar) G.P. Nandpur
Distt. Shimla H.P.

Business Plan Approval by VFDS

Mr. Narsingh Devta Rajpuri group will undertake the Vermi Composting 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) 2,64,500/- has been
submitted by this group on dated and this business plan has been
approved by Jagruti VFDS. Shalar Nandpur.

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

Thank you

President Kusum
Jagruti Vill. Forest Development
Society Shalar, Nandpur
G. P. Nandpur Teh. Jubbal (H.P.)
Signature of VFDS Pradhan

Mamta
Secretary
Signature of VFDS Secretary
Jagruti Vill. Forest Development
Society Shalar, Nandpur
G.P. Nandpur Teh. Jubbal H.P.

Name & Signature of Authorized Signatories

Smt Kusum Dhanta

<p>1 President <i>Kusum</i> Jagriti Vill. Forest Development Society Shalar, Nandpur G. P. Nandpur Teh. Jubbal (H.P)</p>	<p>2 President SHG Nandpur Kanta Rajpuri Vill. Rajpuri (Shilar) G.P. Nandpur Kanta Distt. Shimla H.P.</p>
<p>3 Secretary <i>S. Mani</i> Jagriti Vill. Forest Development Society Shalar, Nandpur G.P. Nandpur Teh. Jubbal</p>	<p>4 Secretary SHG Nandpur Kanta Rajpuri Vill. Rajpuri (Shilar) G.P. Nandpur Distt. Shimla H.P.</p>

S. Virbhadra Singh
Manta

Submitted to DMU through FTU

[Signature]
Name & Signature of FTU Officer
Range Forest Officer
Saraswati Nagar

[Signature]
Name & Signature of FTU Co-ordinator
F.T.U./Range S. Nagar
D. M. U. Rohru

Approved

[Signature]
Name & Signature of DMU Officer
Divisional Forest Officer,
Rohru Forest Division, Rohru