

BUSINESS PLAN

INCOME GENERATING ACTIVITY -VERMICOMPOST BY ANGEL--- SELF HELP GROUP Chhajpur Valley



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	::	Angel SHG Chhajpur Valley
VFDS	::	VFDS Chhachpur Valley

Range	::	Saraswati Nagar
Division	::	Rohru
Village	::	Sabhar-Chhajpur
Block	::	Jubbal
District	::	Shimla
Total No. of Members in SHG	::	10
Date of formation	::	May, 2021
Bank A/c No.	::	13810110031384
Bank Details	::	UCO Bank Anti
SHG/CIG Monthly Saving	::	100/-
Total saving		2900/-
Total inter-loaning		-----
Cash Credit Limit		-----
Repayment Status		-----

2. Beneficiaries Detail:

Sl. No	Name	Father/ HusbName	Age	Category	Income Source	Address
1	Bharat Singh	Lt. Sh. Jagat Ram	37	Gen.	Agriculture	Chhajpur
2	Kalam Singh	Sukh Ram	35	S.C	Agriculture	Sabhar
3	Sanjeev	Basher Chand	24	S.C	Agriculture	Chhajpur
4	Chander Mohan	Rati Ram	36	S.C	Agriculture	Sabhar
5	Ramesh	Dhyan Singh	37	S.C	Agriculture	Chhajpur
6	Raj Kumar	Lt. Sh. Padam Dev	42	Gen.	Agriculture	Sabhar
7	Dasi Devi	Lt. Sh. Rati Ram	56	S.C	Agriculture	Sabhar
8	Roop Dass	Lt. Sh. Chet Ram	59	S.C	Agriculture	Sabhar
9	Pratiush	Goverdhan	19	S.C	Agriculture	Sabhar
10	Devender	Laja Ram	42	S.C	Agriculture	Sabhar

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, 34 Km
3.5	Name of main cities & distance		Rohru, 34 Km
3.6	Name of main cities where product will be sold/ marketed	::	HP Forest Deptt. & Rohru and Jubbal

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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
4.	Consent of SHG/ CIG / cluster	::	Yes

3	members		
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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.
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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"

B. 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	Erection 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	62512	65637
6	Labour Cost	Per tone	30	700	21000	22050	23153	24310	25526
7	Packing materials	No.	4000	2	8000	8400	8820	9261	9724
8	Other handling charges	Per tone	30	150	4500	4725	4961	5209	5470
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				95500	94875	99469	104292	109357
	Total cost - Capital and recurring				215500	94875	99469	104292	109357
D	Income from vermicomposting								
11	Sale of vermicompost	Tonnes	30	6000	180000	189000	198450	208372	218791
12	Sale of earthworm					5000	10000	10000	10000
13	Total revenue				180000	194000	208450	218372	228791
14	Net returns (D-C)				84500	99125	108981	114080	119434

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	95500	94875	99469	104292	109357	
Total cost	215500	94875	99469	104292	109357	623493
Total benefits	180000	194000	208450	218372	228791	1029613
Net benefits	-35500	99125	108981	114080	119434	406120
Net present worth of cost @15 per cent	623493					
Net present worth of benefits @15 per cent	102961					3

Benefit Cost Ratio	1.65					
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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	90,000	30,000
2	Total Recurring Cost	95500	0	95500
3	Trainings/ capacity building/skill up-gradation	50000	50000	0
	Total =	265500	140000	125000

Note-

- **Capital Cost** - 75% of capital cost to be covered under the Project being SC and BPL 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 	Procurement of materials for pit/construction of pit will be done by respective
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	shed (Size will be of 10ftX4ftX2ft) <ul style="list-style-type: none"> • Upto Rs 1 lakh will be parked in the SHG bank account. • Trainings/capacity building/skill up-gradation cost. 	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

- 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 Form

It is decided in the General House meeting of the group..... Angel..... held on 05-07-2021 at Sabhar..... that our group will undertake the Veromi Composting as Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted).

Signature of Group Pradhan

President
Angel Self Help Group
Sabhar Valley Vill. Sabhar
Teh. Jubbal Distt. Shimla H.P.

~~Secretary~~

Signature of Group Secretary

President
Angel Self Help Group
Sabhar Valley Vill. Sabhar
Teh. Jubbal Distt. Shimla H.P.

Kalam Singh
Secretary

Village Forest Development Society

(CHHAJPUR VALLEY)

Vill. Chhajpur P.o Anti Tehsil Jubbal Distt. Shimla H.P.)-171206

President

SUNNY SHARMA

Secretary

ASHOK KUMAR

Ref.No.....

Dated.....

Business Plan Approval by VFDS.

Angel Self Help Group will. undertake the Vermicomposting as Livelihood Income Generation Activity under the project for Improvement of Himachal Pradesh Forest Ecosystems Management and Livelihoods (JICA Assisted). In this regard Business Plan of amount (Rs) 2,65,500/- has been submitted by this group on dated 19-09-2021 and this business plan has been approved by village forest development Society Chhajpur Valley.

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

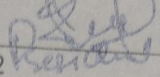
Thank You.

Sunny Sharma

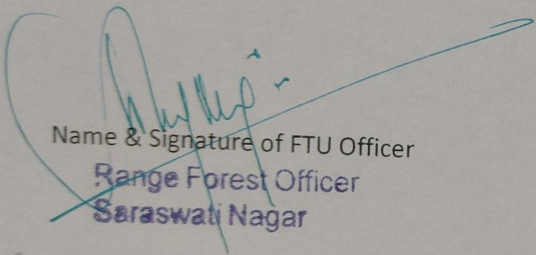
President
Village Forest Development Society
Chhajpur Valley G. P. Anti

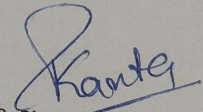
Secretary
Village Forest Development Society
Chhajpur Valley G. P. Anti

Name & Signature of Authorized Signatories

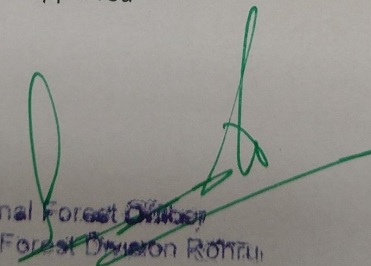
1	 Angel Self Help Group Kalam Singh Secretary
3	President Chhajpur Valley Society Chhajpur Valley G.P. And
	4 Chhajpur Valley President Secretary Angel Self Help Group Sabhar Valley Vill. Sabhar Teh. Jubbal Distt. Shimla H.P.

Submitted to DMU through FTU


 Name & Signature of FTU Officer
 Range Forest Officer
 Saraswati Nagar


 Name & Signature of FTU Co-coordinator
 F. T. U. Coordinator
 F.T.U./Range S. Nagar
 D. M. U. Rohru

Approved


 Divisional Forest Officer
 Rohru Forest Division Rohru

Name & Signature of DMU Officer