

BUSINESS PLAN

INCOME GENERATING ACTIVITY –Vermi-composting by Manu- Self Help Group



SHG/CIG Name	::	MANU
VFDS Name	::	OLD MANALI
Range	::	MANALI (WL)
Division	::	KULLU (WL)

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, 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.

Vermicomposting

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	Manu
VFDS	Old Manali
Range	Manali
Division	Kullu
District	Kullu
Total no. of members in SHG	16
Date of formation	11 June 2022
Bank account no.	110058441776
Bank details	Canara Bank Manali
SGH/CIG monthly saving	100/-
Total saving	6404/-
Total inter-loaning	
Cash credit limit	
Repayment status	
Interest rate	

2. Beneficiaries Detail:

Sr. no.	Name	Father/ Husband Name	Age	Category	Income source	Contact No.
1.	Puspa Devi	Hari Dass	58	General	Agriculture	98052-58352
2.	Meena kumari	Lal Chand	47	General	Agriculture	78760-25459
3.	Luxmi Devi	Puran Chand	43	General	Agriculture	70187-91364
4.	Kala Devi	Dalu Ram	49	General	Agriculture	78078-91172
5.	Babli Devi	Thakur Dass	47	General	Agriculture	98165-12152
6.	Devdu Devi	Khem Dass	64	General	Agriculture	97361-45946
7.	Sesi Devi	Niranjan	58	General	Agriculture	80917-15611
8.	Tulwanti Devi	Gian Chand	55	General	Agriculture	98051-56626
9	Tara Devi	Dola Ram	49	General	Agriculture	94599-11954

10.	Devku	Surjan	59	General	Agriculture	86280-66809
11.	Puspa Devi	Pyare lal	55	General	Agriculture	No
12.	Devki Devi	Karam Chand	50	SC	Agriculture	98054-84343
13.	Durgi Devi	Dhani Ram	59	General	Agriculture	86279-50297
14.	Draupadi Devi	Khek Ram	50	General	Agriculture	98570-01561
15.	Anjali Devi	Joginder	28	General	Agriculture	85809-29902
16.	Mani Devi	Tek Ram	58	General	Agriculture	98051-02744

3. Geographical Details of The Village

3.1	Distance from the District HQ	::	40 Km
3.2	Distance from Motorable Road	::	2 Km
3.3	Name of local market & distance	::	Manali, 1 Km
3.4	Name of main market & distance	::	Manali, 1 Km
3.5	Name of main cities	::	Kullu , Manali
3.6	Name of main cities where product will be sold/ marketed	::	Kullu , Manali

4. Description of Product related to Income Generating Activity

4.1	Name of the Product	::	Vermi-compost
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 vermicompost for their nursery/ Public distribution.
7.4	Process of identification of market	::	PMU will facilitate to tie up of vermicompost 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”	::	“Let’s go organic”

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/ Break down of market chain
- 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	16	7000	112000	0	0	0	0
2	Construction of cover shed	Per member	16	4000	64000				
	Sub-total (A.1)				176000	0	0	0	0
A.2	Machinery and equipment								
2	Tools, equipment etc.	Per member	16	2000	32000	0	0	0	0
	Sub-total (A.2)				32000	0	0	0	0
	Total Capital Costs (A.1+A.2)				208000	0	0	0	0
B	Recurring Costs								
3*	Lease of land for setting up unit	Per annum	16	0	0	0	0	0	0
4	Other miscellaneous expenses	Per annum	16	0	0	0	0	0	0

5	Seed earthworm	Per Kg	15	500	7500	0	0	0	0
6*	Cost of procurement of Slurry/dung/waste	Tonnes	0	0	0	0	0	0	0
7*	Labour Cost	Per tonne	0	0	0	0	0	0	0
8	Packing materials	No.	150	50	7500	8000	8500	9000	9500
9	Other handling charges	Per tonne	50	150	7500	8000	8500	9000	9500
C	Other charges								
10	Insurance	L/S			0	0	0	0	0
11	Interest on loan	Per annum		0	0	0	0	0	0
	Total recurring costs				22500	16000	17000	18000	19000
	Total cost = Capital + recurring				230500	16000	17000	18000	19000
D	Income from vermicomposting								
12	Sale of vermicompost	Tonnes	45	6000	270000 (6000)	292500 (6500)	315000 (7000)	337500 (7500)	360000 (8000)
13	Sale of earthworm					5000	10000	10000	10000
14	Total revenue				270000	297500	325000	347500	370000
15	Net returns (D-C)				67500	281500	308000	329500	351000

Note –

*3. *On own land*

*6 *all operation will be done by the members 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	208000	0	0	0	0
Recurring cost	22500	16000	17000	18000	19000
Total cost	230500	16000	17000	18000	19000
Total revenue	270000	297500	325000	347500	370000
Net profit	67500	281500	308000	329500	351000

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 46.2tonnesvermi-compost by all 14 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	208000	104000	104000
2	Total Recurring Cost	22500	0	22500
3	Trainings/ capacity building/skill up-gradation	32000	32000	0
	Total =	2,62,500	1,36,000	1,26,500

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:

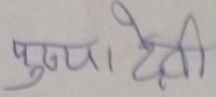
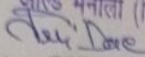
- ➔ Project Orientation Group Formation/ Reorganization
- ➔ Group Concept and Management
- ➔ Introduction to IGA (General)
- ➔ Marketing and Business Plan Development
- ➔ Bank Credit Linkages & Enterprise Development
- ➔ Exposure Visit of SHGs/ CIGs – Within the State& Outside State

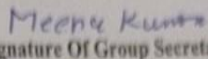
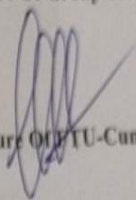
16. Monitoring Mechanism

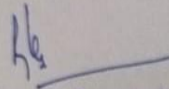
- ➔ Social Audit Committee of the VFDS will monitor the progress and performance of the IGA and suggest corrective action if need be to ensure operation of the unit as per projection.
- ➔ SHG should also review the progress and performance of the IGA of each member and suggest corrective action if need be to ensure operation of the unit as per projection.

Resolution-cum-Group-consensus Form

It is decided in the General house meeting of the group Manu
held on 03/06/2022 at Old Manali that our group will undertake the _____
as Livelihood Income Generation Activity under the Project for Implementation of Himachal
Pradesh Forest Ecosystem management and Livelihood (JICA assisted).



Signature Of Group President
प्रधान
मनु स्वयं सहायता समूह
ओल्ड मनाली (हि.प्र.)-175131

Signature Of President BMC


Signature Of Group Secretary

Signature Of OJTU-Cum-RFO


Assistant Conservator of Forest
Wild Life Division KULLU

Approval

Business plan Vermi-composting of SHG/CIG Manu VFDS/BMC
Old Manali approved by Divisional Management Unit cum Divisional Forest Officer (WL)
Kullu on dated 10/10/2022


Divisional Management Unit Officer
-cum Divisional Forest Officer
Wild Life Division, Kullu

Group Member Photos:-



Tulwanti



Meena



Tara



Devki



Dropti



Sesi Devi



Babli



Puspa Devi



Durg Devi



Lakshmi



Maina Devi



Devku



Devki



Anjali



kala



Puspa Devi

Prepared by:-

Priya Thakur (SMS)

Ravi Kant (FTU Co-ordinator)

