

BUSINESS PLAN

INCOME GENERATING ACTIVITY –VERMICOMPOST

BY

Krishna Self Help Group Sindasli



SHG/CIG Name	::	Krishna SHG Sindasli
VFDS Name	::	VFDS Sindasli
Range	::	Khashdhar
Division	::	Rohru

Prepared under:



Project for provement of Himachal radesh Forest Ecosystems
Management & Livelihoods (JICA Assisted)

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1. 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 source

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.

2. Description of SHG/CIG

SHG/CIG Name	::	Krishna SHG Sindasli
VFDS	::	VFDS Sindasli
Range	::	Khashdhar
Division	::	Rohru
Village	::	Sindasli, Chamrara, Harwani
Block	::	Chhohara (Chirgaon)
District	::	Shimla
Total No. of Members in SHG	::	11
Date of formation	::	Feb, 2022
Bank A/c No.	::	89541300000585
Bank Details	::	HP Gramin Bank Chirgaon
SHG/CIG Monthly Saving	::	100/-
Total saving		4400/-
Total inter-loaning		-----
Cash Credit Limit		-----
Repayment Status		-----

3. Beneficiaries Detail:

S.No	Name	Father/ Husband Name	Age	Category	Income Source	Address
1	Jagdeesh Kumar	S/o Banka Ram	32	General	Agriculture	
2	Pavinder Singh	S/o Prithvi Raj	25	General	Agriculture	
3	Daleep	S/o Lachmi Nand	35	General	Agriculture	
4	Rajneesh Kumar	S/o Yash Pal	25	General	Agriculture	
5	Ram Krishan	S/o Ranveer Singh	57	General	Agriculture	
6	Rinku Kumar	S/o Surender Singh	30	General	Agriculture	
7	Saroj Bala	W/o Surup Kumar	33	General	Agriculture	
8	Parmila Devi	W/o Harpal Singh	40	General	Agriculture	
9	Meena Devi	W/o Uday Singh	40	General	Agriculture	
10	Kusum Lata	W/o Kushal Singh	40	General	Agriculture	
11	Veena Devi	W/o Lt. Devinder Singh	36	General	Agriculture	

4. Geographical details of the Village

4.1	Distance from the District HQ	::	155 Km
4.2	Distance from Main Road	::	0200 Meters
4.3	Name of local market & distance	::	Chirgaon/Rohru 18 to 34 Kmts
4.4	Name of main market & distance		Chirgaon 18 Kmtrs, Rohru 34 Kmtrs
4.5	Name of main cities & distance		Rohru, 34 Km
4.6	Name of main cities where product will be sold/ marketed	::	HP Forest Deptt. & Rohru and Chirgaon

5. Description of Product related to Income Generating Activity

5.1	Name of the Product	::	Vermi-composting
5.2	Method of product identification	::	The group is interested to do this activity. Being apple belt, there is a huge demand of vermi-composting. The activity has been collectively decided by group members
5.3	Consent of SHG/ CIG / cluster members	::	Yes

6. 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 micro-organisms to

Step	Description
	grow.

7. Description of Production Planning

7.1	Production Cycle (in days)	::	90 days (three cycles in a year)
7.2	Manpower required per cycle (No.)	::	1
7.3	Source of raw materials	::	From household and own farms
7.4	Source of other resources	::	Open market
7.5	Raw material - quantity required per cycle (Kg) per member	::	1800 Kg per cycle
7.6	Expected production per cycle (Kg) per member	::	900 Kg per cycle

8. Description of Marketing/ Sale

8.1	Potential market places	::	HP Forest Deptt.
8.2	Distance from the unit	::	Local market Use on own farm
8.3	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
8.4	Process of identification of market	::	PMU will also facilitate the tie up of procurement of vermi-compost produced by SHG by HP Forest deptt.
8.5	Marketing Strategy of the product	::	SHG members will also explore the additional marketing options around their villages for better sale price in future.
8.6	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
8.7	Product "slogan"		"Nature Friendly"

9. 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

10. 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

11. 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	11	6000	66000	0	0	0	0
2	Erection of cover shed	Per member	11	4000	44000				
	Sub-total (A.1)				110000	0	0	0	0
A.2	Machinery and equipment								
3	Tools, equipment, weighing scale 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								
4	Seed earthworm	Per Kg	11	500	5500	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Tonnes	66	900	59400	62370	65489	68763	72201
6	Labour Cost	Per tone	33	700	23100	24255	25468	26741	28078
7	Packing materials	No.	4400	2	8800	9240	9702	10187	10696
8	Other handling charges	Per tone	33	150	4950	5198	5458	5731	6018

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				104750	104063	109117	114422	119993
	Total cost - Capital and recurring				236750	104063	109117	114422	119993
D	Income from vermicomposting								
11	Sale of vermicompost	Tonnes	33	7000	231000	242550	254678	267412	280783
12	Sale of earthworm					5500	11000	11000	11000
13	Total revenue				231000	248050	265678	278412	291783
14	Net returns (D-C)				-5750	143987	156561	163990	171790

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.

12. Economic Analysis

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital cost	132000	0	0	0	0	
Recurring cost	104750	104063	109117	114422	119993	
Total cost	236750	104063	109117	114422	119993	684345
Total benefits	231000	248050	265678	278412	291783	1314923
Net benefits	-5750	143987	156561	163990	171790	630578
Net present worth of cost @15 per cent	684345					
Net present worth of benefits @15 per cent	1314923					
Benefit Cost Ratio	1.92					

Distribution of net profite – As per share in production.

13. 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. 7 per Kg
- Net profit will be Rs. 3.0 per Kg
- It is proposed that each member will produce 3 tonnes of vermi-compost every year resulting in production of 33 tonnes vermi-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 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.

14. Fund requirement:

S. No.	Particulars	Total Amount (Rs)	Project support	SHG contribution
1	Total capital cost	132000	66000	66000
2	Total Recurring Cost	104750	0	104750
3	Trainings/ capacity building/skill up-gradation	55000	55000	0
	Total =	291750	121000	170750

Note-

- **Capital Cost** - 50% of capital cost to be covered under the Project and 50% by the SHG Group.
- **Recurring Cost** - To be borne by the SHG/CIG.
- **Trainings/capacity building/ skill up-gradation** - To be borne by the Project

15. Sources of fund:

Project support;	<ul style="list-style-type: none"> • 50% 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.
Group 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 	

16. 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.

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:

- ➔ 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

18. 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.

19. Group members Photos:-



Business Plan

KRISHNA SHG SINDASLI will undertake the **VERMICOMPOSTING** 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) **291750/-** has been submitted by this group on dated _____ and this Business Plan has been approved by **VFDS**

SINDASLI

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

Thank you

Resolution–cum-Group-Consensus Form

It is decided in the General House Meeting of the group **Krishna SHG Sindasli** held on _____ at **Sindasli** that our group will undertake the VERMICOMPOSTING ACTIVITY as Livelihood Income Generating Activity under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted)

BUSINESS PLAN APPROVED BY VFDS

Self help group will undertake the *vermicompost* 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) has been submitted by this group on dated *28-10-2022* and this business plan has been approved by VFDS *Sindoli*

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

Thank you

President *[Signature]*
Vill. Forest Development Society
Sindoli H.P.
Signature Of VFDS President

Secretary *[Signature]*
Vill. Forest Development Society
Sindoli G. P. Sindoli
Sindoli H.P.
Signature of VFDS Secretary

RESOLUTION-CUM-GROUP CONSENSUS

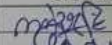
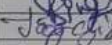
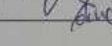

It is decided in the General House Meeting of the group *VFDs Sindolasi* held on *10-2-2022* at *Sindolasi* that our group will undertake the *Vermicompost* as Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted).

Jagdish
प्रधान
Signature of Group President
कृष्णा स्वयं सहायता समूह
शंगोली, नहसील चड़गांव
जिला शिमला हि० प्र० 171208

Signature of Group Secretary


[Signature]
संविद
कृष्णा स्वयं सहायता समूह
शंगोली, नहसील चड़गांव
जिला शिमला हि० प्र० 171208

NAME & SIGNATURE OF AUTHORIZED SIGNATORIES

S.No.	NAME	DESIGNATION	SIGNATURE
1.	BANSHI KUMAR SINGH	Vfds president	
2.	Deepak Singh	Vfds Secretary	
3.	Jagdish Kumar	Shg president	
4.	RAVINDER SINGH	Shg secretary	


Submitted to DMU through FTU


 Shakti Singh RFO
 Name & Signature of FTU Officer


 Robin Singh -
 Name & Signature of FTU Co-ordinator

Forest Range Officer
 Khashdhar

Approved


 Divisional Forest Officer
 Rohru Forest Division Rohru
 Name & Signature Of DMU Officer

