

BUSINESS PLAN

INCOME GENERATING ACTIVITY –VERMICOMPOST

BY

NARAYAN Self Help Group ,VFDS GOANSARI



SHG/CIG Name	::	NARAYAN SHG
VFDS Name	::	VFDS GOANSARI
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	::	NARAYAN SHG
VFDS	::	VFDS GOANSARI
Range	::	Khashdhar
Division	::	Rohru
Village	::	GOANSARI ,GOASKWARI
Block	::	Chhohara (Chirgaon)
District	::	Shimla
Total No. of Members in SHG	::	20
Date of formation	::	Feb, 2021
Bank A/c No.	::	89540100015436
Bank Details	::	Gramin Bank Chirgaon
SHG/CIG Monthly Saving	::	100/-
Total saving		8000/-
Total inter-loaning		-----
Cash Credit Limit		-----
Repayment Status		-----

3. Beneficiaries Detail:

S.No	Name	Father/ Husband Name	Age	Category	Income Source	Address
1	ARUN	S/O GULAB SINGH	26	GEN	Agriculture	GOSKWARI
2	AALOOD KUMAR	KESHAV RAM	34	GEN	Agriculture	GOSKWARI
3	DINESH KUMAR	GIYAN SINGH	43	GEN	Agriculture	GOSKWARI
4	ASHOK KUMAR	GAUTAM SAIN	36	GEN	Agriculture	GOSKWARI
5	BISHAMBER KUMAR	DHANVEER	45	GEN	Agriculture	GOSKWARI
6	NEETU	VIRVAL SINGH	32	GEN	Agriculture	GOSKWARI
7	MAAN SINGH	VIJAY NAND	40	GEN	Agriculture	GOSKWARI
8	HIMMAT SINGH	VIJAY NAND	46	GEN	Agriculture	GOSKWARI
9	SUNIL KUMAR	KEDAR SINGH	34	GEN	Agriculture	GOSKWARI
10	DESHRAJ KUMAR	SHYAM LAL	37	GEN	Agriculture	GOSKWARI
11	RAJ DEVI	W/O RAVINDER SINGH	34	GEN	Agriculture	GOSKWARI
12	MONIKA	SANJIV KUMAR	30	GEN	Agriculture	GOSKWARI
13	NISHU	MANOJ	30	GEN	Agriculture	GOSKWARI
14	PASAM DEVI	NEHAR SINGH	47	GEN	Agriculture	GOSKWARI
15	AKANKSHA	MOHINDER SINGH	43	GEN	Agriculture	GOSKWARI
16	SALOCHNA DEVI	RAJAN	32	GEN	Agriculture	GOSKWARI
17	MALKITA	DAVINDER SINGH	34	GEN	Agriculture	GOSKWARI
18	PRITI KUMARI	MADAN	27	GEN	Agriculture	GOSKWARI
19	RATAN JAGMO	MALAKRAM	45	GEN	Agriculture	GOSKWARI
20	SANJU DEVI	JISHAN LAL	34	GEN	Agriculture	GOSKWARI

4. Geographical details of the Village

4.1	Distance from the District HQ	::	140 Km
4.2	Distance from Main Road	::	0200 Meters
4.3	Name of local market & distance	::	Chirgaon/Rohru 15 to 25 Kmts
4.4	Name of main market & distance		Chirgaon 15 Kmtrs, Rohru 30 Kmtrs

4.5	Name of main cities & distance		Rohru, 30 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	::	Vermicomposting
5.2	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
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

Step		Description
		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 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	20	6000	120000	0	0	0	0
2	Erection of cover shed	Per member	20	4000	80000				
	Sub-total (A.1)				200000	0	0	0	0
A.2	Machinery and equipment								
3	Tools, equipment, weighing scale etc.	Per member	20	2000	40000	0	0	0	0
	Sub-total (A.2)				40000	0	0	0	0
	Total Capital Costs (A.1+A.2)				240000	0	0	0	0
B	Recurring Costs								
4	Seed earthworm	Per Kg	20	500	10000	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Tonnes	120	900	108000	113400	119070	125023	131274
6	Labour Cost	Per tone	60	700	42000	44100	46305	48620	51051
7	Packing materials	No.	8000	2	16000	16800	17640	18522	19448

8	Other handling charges	Per tone	60	150	9000	9450	9922	10418	10939
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				188000	186750	195937	205583	215712
	Total cost - Capital and recurring				428000	186750	195937	205583	215712
D	Income from vermicomposting								
11	Sale of vermicompost	Tonnes	60	7000	420000	441000	463050	486203	510513
12	Sale of earthworm					10000	20000	20000	20000
13	Total revenue				420000	451000	483050	506203	530513
14	Net returns (D-C)				-8000	264250	287113	300620	314801

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	240000	0	0	0	0	
Recurring cost	188000	186750	195937	205583	215712	
Total cost	428000	186750	195937	205583	215712	1231982
Total benefits	420000	451000	483050	506203	530513	2390766
Net benefits	-8000	264250	287113	300620	314803	1158784
Net present worth of cost @15 per cent	1231982					
Net present worth of benefits @15 per cent	2390766					

Benefit Cost Ratio	1.94					
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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 60 tonnes vermi-compost by all 20 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	240000	180000	60000
2	Total Recurring Cost	188000	0	188000
3	Trainings/ capacity building/skill up-gradation	70000	70000	0
	Total =	498000	250000	248000

Note-

- **Capital Cost** - 75% of capital cost to be covered under the Project and 25% by the SHG Group as the majority is female/SC members.
- **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"> • 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.
Group 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 	

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 Approval by VFDS

Narayan shg 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) **498000/-** has been submitted by this group on dated _____ and this Business Plan has been approved by **VFDS GOANSARI**

Resolution–cum-Group-Consensus Form

It is decided in the General House Meeting of the group **NARAYAN SHG** held on _____ at **GP. GOANSARI** 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 _____ and this business plan has been approved by *Gaunsari* VFDS

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

Thank you

President *[Signature]*
Vill. Forest Development Society
Gaunsari G. P. Gaunsari
Teh. Chirgaon Distt. Shimla H.P.
Signature Of VFDS President

Secretary *[Signature]*
Vill. Forest Development Society
Gaunsari G. P. Gaunsari
Teh. Chirgaon Distt. Shimla H.P.
Signature Of VFDS Secretary



RESOLUTION-CUM-GROUP CONSENSUS

It is decided in the General House Meeting of the group *Narayan SHG* held on *12-02-2023* at *G.P. Gaurari* that our group will undertake the *Vermicom post* as Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted).


Himanshu Singh
Signature of Group President

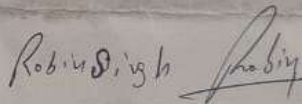
Rajendra
Signature of Group Secretary

NAME & SIGNATURE OF AUTHORIZED SIGNATORIES

S.No.	NAME	DESIGNATION	SIGNATURE
1.	PRAMED KUMAR.	Vfds president	
2.	Kailash Kumar	Vfds Secretary	
3.		Shg president	
4.		Shg secretary	

Submitted to DMU through FTU


Name & Signature of FTU Officer
Forest Range Officer
Khashdhar


Name & Signature of FTU Co-ordinator

Approved


Divisional Officer
Rohru Forest Division
Name & Signature of DMU Officer