

BUSINESS PLAN

INCOME GENERATING ACTIVITY –VERMICOMPOST

BY

Pawasi Self Help Group Chichuwari Rohal Unit-II



SHG/CIG Name	::	Pawasi SHG Chichuwari Rohal Unit-II
VFDS Name	::	VFDS Rohal Unit-II
Range	::	Khashdhar
Division	::	Rohru

Prepared under:



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

Table of Contents:

S.No	Particulars	Page/s
1	Background	3
2	Description of SHG/CIG	4
3	Beneficiaries Detail	5
4	Geographical details of the Village	5-6
5	Description of product related to Income Generating Activity	6
6	Production Processes	7
7	Production Planning	7
8	Sale & Marketing	7-8
9	SWOT Analysis	8-9
10	Description of Management among members	9
11	Description of Economics	9-11
12	Inference of Economic Analysis	11
13	Fund Requirement	11
14	Sources of Fund	12
15	Bank Loan Repayment	12
16	Trainings/capacity Building / Skill up-gradation	12-13
17	Monitoring Method	13
18	Group Member Photos	13
A.	Business Plan approved by VFDS	14
B.	Resolution-cum-Group Consensus Form	15
C.	Name & Signatures of Authorized signatories	16

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	::	Pawasi SHG Chichuwari Rohal Unit-II
VFDS	::	VFDS Rohal Unit-II
Range	::	Khashdhar
Division	::	Rohru
Village	::	Chichuwari, Gaichwari
Block	::	Chhohara (Chirgaon)
District	::	Shimla
Total No. of Members in SHG	::	20
Date of formation	::	Feb, 2022
Bank A/c No.	::	89541300000569
Bank Details	::	Gramin Bank Chirgaon
SHG/CIG Monthly Saving	::	100/-
Total saving		10000/-
Total inter-lending		-----
Cash Credit Limit		-----
Repayment Status		-----

3. Beneficiaries Detail:

S.No	Name	Father/ Husband Name	Age	Category	Income Source	Address
1	Jia Mani	W/o Vidya Sain	48	SC	Agriculture	
2	Kushma	W/o Vijay Kumar	33	SC	Agriculture	
3	Sumila	W/o Perdev	30	SC	Agriculture	
4	Lalita	W/o Bitoo Ram	32	SC	Agriculture	
5	Babli Devi	W/o Ratti Ram	36	SC	Agriculture	
6	Pinky Devi	W/o Ramesh Kumar	36	SC	Agriculture	
7	Deepna	W/o Padam	32	General	Agriculture	
8	Gopal Puri	W/o Dara Singh	55	General	Agriculture	
9	Kranti Devi	W/o Prem Chand	53	General	Agriculture	
10	Prajapuri	W/o Ved Prakash	53	General	Agriculture	
11	Jai Puri	W/o Jawahar Lal	55	General	Agriculture	
12	Leela Vati	W/o Uttam Chand	50	General	Agriculture	
13	Pingli Devi	W/o Vinod Kumar	48	General	Agriculture	
14	Vilaspuri	W/o Kamal Singh	45	General	Agriculture	
15	Shisham Devi	W/o Jeevan Singh	48	General	Agriculture	
16	Pyari Devi	W/o Gautam Lal	58	General	Agriculture	
17	Poshi Devi	W/o Deep Chand	60	General	Agriculture	
18	Rameeta	W/o Kabir Kumar	32	SC	Agriculture	
19	Manjit Kumar	S/o Shamsheer	36	General	Agriculture	
20	Naresh Kumar	S/o Gian Chand	35	SC	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	::	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					
--------------------	------	--	--	--	--	--

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

PAWASI SHG CHICHUWARI ROHAL UNIT-II 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 Rohal Unit-II**.

Resolution–cum-Group-Consensus Form

It is decided in the General House Meeting of the group **Chichuwari SHG Rohal Unit-II** held on _____ at **Rohal** 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 *Rohal unit II* VFDS *Rohal unit II*

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

Thank you

President *[Signature]*
VIII. Forest Development Society
Rohal Unit-II G.P. Rohal
Teh. Chirgaon Distt. Shimla H.P.

Secretary *[Signature]*
VIII. Forest Development Society
Rohal Unit-II G.P. Rohal
Teh. Chirgaon Distt. Shimla H.P.
Signature Of VFDS Secretary

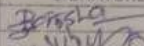
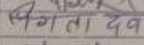
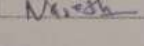

RESOLUTION-CUM-GROUP CONSENSUS

It is decided in the General House Meeting of the group Sawasists Chakrawali held on 19-12-2021
at G.P. Rohat that our group will undertake the vermicompost as
Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest
Ecosystems Management & Livelihoods (IICA Assisted).


संस्थान
भारतीय कृषि प्रशिक्षण संस्थान
पंचसाली जिला चिमला 180.80
पिताला देवी
Signature of Group President
पिताला देवी

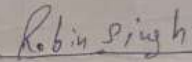
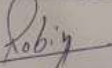
संस्थान
भारतीय कृषि प्रशिक्षण संस्थान
पंचसाली जिला चिमला 180.80
Narekh
Signature of Group Secretary

NAME & SIGNATURE OF AUTHORIZED SIGNATORIES

S.No.	NAME	DESIGNATION	SIGNATURE
1.		Vfds president	
2.		Vfds Secretary	
3.		Shg president	
4.		Shg secretary	

Submitted to DMU through FTU


 Name & Signature of FTU Officer
 Khashkharia



 Name & Signature of FTU Co-ordinator

Approved


 Divisional Forest Officer
 Rehru Forest Division (Rohru)
 Name & Signature of DMU Officer

