

BUSINESS PLAN

INCOME GENERATING ACTIVITY -VERMICOMPOST BY AAJEEVIKA --SELF HELP GROUP KATLAH



SHG/CIG Name	::	Aajeevika
VFDS Name	::	Jai Jaga Mata maltheshwari
Range	::	Jubbal
Division	::	

Prepared under:



Project for Improvement of Himachal Pradesh Forest
Ecosystems 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	::	Aajeevika
VFDS	::	Jai Jaga Mata vfds Maltheshwari
Range	::	Jubbal
Division	::	Rohru
Village	::	Melthi
Block	::	Sheel
District	::	Shimla
Total No. of Members in SHG	::	12
Date of formation	::	16-05-2022
Bank A/c No.	::	41507167710 ; IFSC:SBIN0007304
Bank Details	::	SBI
SHG/CIG Monthly Saving	::	100/-
Total saving		8400/-
Total inter-loaning		-----
Cash Credit Limit		-----
Repayment Status		-----

2. Beneficiaries Detail:

Sl. No	Name	Father/ HusbName	Ag E	Category	Income Source	Address
1	Pramod	Sh. Shiva nand	44	Gen.	Agriculture	Melthi
2	Jagdev	Sh. Ram krishan	49	Gen.	Agriculture	Melthi
3	Lachaman Singh	Sh. Ranu Ram	50	Gen.	Agriculture	Melthi
4	Raghuveer	Sh. Bhadhar Singh	43	Gen.	Agriculture	Melthi
5	Priyanshu	Sh. Dara Singh	22	Gen.	Agriculture	Melthi
6	Ankush kumar	Sh. Rajinder Singh	36	Gen.	Agriculture	Melthi
7	Pramod kumar	Sh. Girdhari Lal	49	Gen.	Agriculture	Melthi
8	Vinod kumar	Sh. Girdhari Lal	54	Gen.	Agriculture	Melthi
9	Satish kumar	Sh. Ishwar singh	44	Gen.	Agriculture	Melthi
10	Bhopinder singh	Sh. Karam chand	46	Gen.	Agriculture	Melthi
11	Mitul	Sh. Ramesh Kumar	21	Gen.	Agriculture	Melthi
12	Laik Ram	Sh. Sahaj Ram	36	Gen.	Agriculture	Melthi

3. Geographical details of the Village

1	Distance from the District HQ	::	120 Km
2	Distance from Main Road	::	200 Meters
3	Name of local market & distance	::	Melthi 2.5km 7
4	Name of main market & distance	::	Rohru, 30 Km
5	Name of main cities & distance	::	Rohru, 30 Km
6	Name of main cities where product will be sold/ marketed	::	HP Forest Deptt. & Self use

4. Description of Product related to Income Generating Activity

1	Name of the Product	::	Vermicompost
2	Method of identification of Product	::	This activity is already done by some Shg member
3	Consent of SHG/CIG & Cluster member	::	Yes

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

1	Potential market places	::	HP Forest Deptt.
2	Distance from the unit	::	Local market Use on own farm
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
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.
5	Marketing Strategy of the product		SHG members will also explore the additional marketing options around their villages for better sale price in future.
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	Product "slogan"		"Nature Friendly"

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

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	12	6000	72000	0	0	0	0
2	Errection of cover shed	Per member	12	4000	48000				
	Sub-total (A.1)				120000	0	0	0	0
A.2	Machinery and equipment								
3	Tools, equipment, weighing scale etc.	Per member	12	2000	24000	0	0	0	0
	Sub-total (A.2)				24000	0	0	0	0
	Total Capital Costs (A.1+A.2)				144000	0	0	0	0
B	Recurring Costs								
4	Seed earthworm	Per Kg	12	500	6000	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Tonnes	70	900	63000	66150	69458	72930	76577
6	Labour Cost	Per tonne	35	700	24500	25725	27011	28361	29779
7	Packing materials	No.	4500	2	9000	9450	9922	10419	10940
8	Other handling charges	Per tonne	35	150	5250	5512	5788	6078	6381
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				110750	109837	115179	120788	126677
	Total cost = Capital cost+recurring cost				254750	109837	115179	120788	126677
D	Income from vermicomposting								
11	Sale of vermicompost	Tonnes	35	6000	210000	220500	231525	243101	255256
12	Sale of earthworm					5000	10000	10000	10000
13	Total revenue				210000	225500	241525	253101	265256
14	Net returns (D-C)				99250	115663	126346	132313	138579

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.

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital cost	144000	0	0	0	0	
Recurring cost	110750	109837	115179	120788	126677	
Total cost	254750	109837	115179	120788	126677	727231
Total benefits	210000	225500	241525	253101	265256	1195382
Net benefits	-44750	115663	126346	132313	138579	468151
Net present worth of cost @15 per cent	727231					
Net present worth of benefits @15 per cent	1195382					
Benefit Cost Ratio	1.64					

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 35 tonnes vermi-compost by all 12 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	144000	72000	72000

2	Total Recurring Cost	110750	0	110750
3	Trainings/ capacity building/skill up-Gradation	50000	50000	0
	Total =	304750	122000	182750

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:

Pr Project contribution	<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.
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 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 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.

17. **Individual Photos of members -**



LACHMAN SINGH



RAGHUVVEER



MITUL



JAGDEV



VINOD



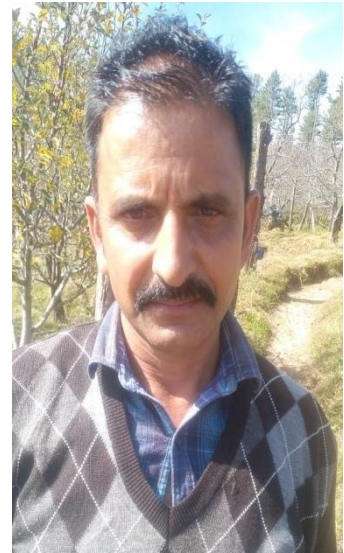
Bhopinder



Priyanshu



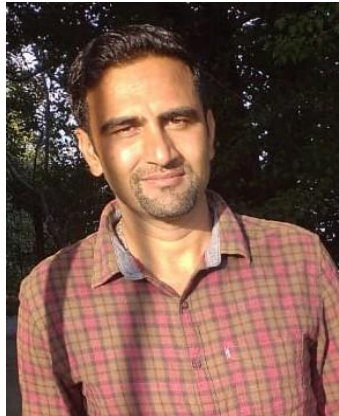
Pramod kumar



Satish Kumar



Laik Ram



Ankush

18. Group Photo Of Members :-



BUSINESS PLAN APPROVED BY VFDS

Ajeevika 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 *20-12-2022* and this business plan has been approved by *Jai Jaga Mata VFDS Maltheswari*.

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

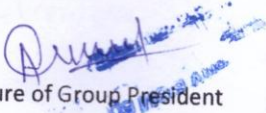
Thank you

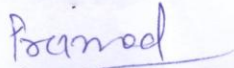
President *Kalyan*
Jai Jaga Mata Village Forest
Dev. Society Maltheswari
G.P. Katlah Te. Rohru
Distt. Shimla H.P.
Signature Of VFDS President

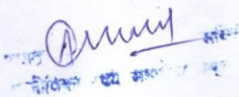
Rohit Datta
Signature Of VFDS Secretary

RESOLUTION-CUM-GROUP CONSENSUS

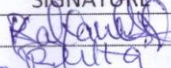
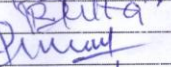
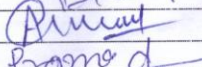
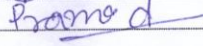
It is decided in the General House Meeting of the group *Ajeevika* held on
16-05-2022 at *Methni, Kalgan* that our group will undertake the *vermicompost* as
Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest
Ecosystems Management & Livelihoods (JICA Assisted).


Signature of Group President



Signature of Group Secretary

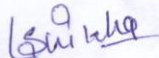


NAME & SIGNATURE OF AUTHORIZED SIGNATORIES

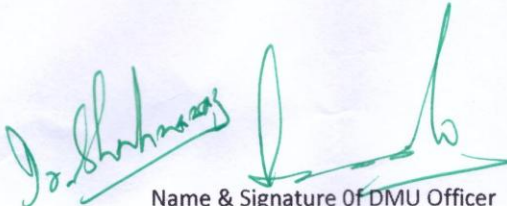
S.No.	NAME	DESIGNATION	SIGNATURE
1.	Sh. Kalyan Singh Datta	Vfds president	
2.	Sh. Rohit Datta	Vfds Secretary	
3.	Ankush	Shg president	
4.	Prasad Chankola	Shg secretary	

Submitted to DMU through FTU


Name & Signature of FTU Officer


Name & Signature of FTU Co-ordinator

Approved


Name & Signature of DMU Officer