



## BUSINESS PLAN

### INCOME GENERATING ACTIVITY – VERMI-COMPOST

By

**Koke- Self Help Group**



SHG/CIG Name	::	Koke
VFDS Name	::	Koke
Range	::	Jawalamukhi
Division	::	Dehra Divison

**Prepared under:**

Project for Improvement of Himachal Pradesh Forest Ecosystems Management  
& Livelihoods (JICA Assisted)

## Table of Contents

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

## 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 vermin composting 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 vermin composting technology due to its established economic and environmental advantages.

### Vermicomposting

Production of compost through rearing/using earth worms is called the vermin composting technology. Under this technology, earthworms eat biomass and excrete it in a digested form which is known as Vermicomposting or vermin compost. 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 vermin composting production as it invigorates soil health; soil productivity thereby reduces the cost of cultivation.

There is a gradual increase in demand for vermin compost due to the high level of nutrient contents.

## 1. Description of SHG/CIG

SHG/CIG Name	::	Koke
VFDS	::	Koke
Range	::	Jawalamukhi
Division	::	Dehra Divison
Village	::	Koke
Block	::	Habrol
District	::	Kangra

Total No. of Members in SHG	::	16
Date of formation	::	09/09/2022
Bank a/c No.	::	50100582029812
Bank Details	::	HDFC DEHRA
SHG/CIG Monthly Saving	::	50 rs
Total saving		800rs
Total inter-lending		1%
Cash Credit Limit		-
Repayment Status		-

## 2. Beneficiaries Detail:

Sr.no	Name Of Candidate	Ward Name	Contact No	AGE	Designation
1	VASHNOO DEVI W/O TILAK RAJ	Koke	8627020094	45	President
2	NIRMLA DEVI W/O BHARM DAS	Koke	8894258169	60	Secretary
3	SUNITA DEVI W/O ASHOK KUMAR	Koke	9805830557	34	Treasurer
4	SAROJ KUMARI W/O NAK RAM	Koke	6230982985	44	Member
5	SUDARSHNA DEVI W/O SWARN KUMAR	Koke	9816592077	38	Member
6	RUMA DEVI W/O BALDEV SINGH	Koke	9805903937	45	Member
7	SUMNA DEVI W/O PARSHOTUM SINGH	Koke	8580927286	47	Member
8	SANTOSH KUMARI W/O PAWAN KUMAR	Koke	7876245340	47	Member
9	VEENA DEVI W/O JOGINDER SINGH	Koke	6232089029	35	Member
10	JAMUNA DEVI W/O MAST RAM	Koke	8894336086	60	Member
11	SALOCHNA W/O KISHOR CHAND	Koke	9816242182	60	Member
12	ANJANA DEVI W/O DESH RAJ	Koke	7877366189	44	Member
13	SUNITA KUMARI W/O KARTAR CHAND	Koke	6230130501	41	Member

14	RAJ KUMARI W/O TILAK RAJ	Koke	8580285503	46	Member
15	VIDYA DEVI W/O SUNIL KUMAR	Koke	8626926011	45	Member
16	SAROJ KUMARI W/O RAMESH CHAND	Koke	8891204390	45	Member

### 3. Geographical details of the Village

3.1	Distance from the District HQ	::	55Km
3.2	Distance from Main Road	::	500m
3.3	Name of local market & distance	::	Baggi & 1km
3.4	Name of main market & distance		Jawalamukhi & 15Km
3.5	Name of main cities & distance		Jawalamukhi-15km
3.6	Name of main cities where product will be sold/ marketed	::	Jawalamukhi, Kangra, Dehra, Nadaun

### 4. Description of Product related to Income Generating Activity

4.1	Name of the Product	::	Vermicomposting
4.2	Method of product identification	::	This activity has been collectively decided by group members.
4.3	Consent of SHG/ CIG / cluster members	::	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

Step		Description
		for vermi-compost 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.)	::	16
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	::	2800 Kg per cycle
6.6	Expected production per cycle (Kg) per member	::	1400 Kg per cycle

## 7. Description of Marketing/ Sale

7.1	Potential market places	::	HP Forest Deptt.
7.2	Distance from the unit	::	Local market Use on own farm
7.3	Demand of the product in market place/s	::	HO Forest deptt is procuring huge vermi-compost for their nursery
7.4	Process of identification of market	::	PMU will facilitate the tie up of procurement of vermi-compost

		produced by SHG by 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"	"Koke 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 offer 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
<b>A.</b>	<b>Capital Cost</b>								
<b>A.1</b>	<b>Construction of Pit and shed</b>								
1	Construction as well as labour cost including shed (Size will be of 10ftX4ftX2ft )	Per member	16	7000	112000	0	0	0	0
2	Erection of cover shed with iron angel	Per member	16	5000	80000				
	<b>Sub-total (A.1)</b>				<b>192000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>A.2</b>	<b>Machinery and equipment</b>								
3	Tools, equipment, weighing scale etc.	Per member	16	3000	48000	0	0	0	0
	<b>Sub-total (A.2)</b>				<b>48000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Capital Costs (A.1+A.2)</b>				<b>240000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B</b>	<b>Recurring Costs</b>								
4	Seed earthworm	Per Kg	16	550	8800	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Ton	96	1000	96000	100800	105840	111132	116688
6	Labour Cost	Per ton	48	800	38400	40320	42336	44452	46674
7	Packing materials	No.	16000	3	48000	50400	52920	55566	58344
8	Other handling charges	Per ton	48	165	7920	8316	8731	9167	9625
<b>C</b>	<b>Other charges</b>								
9	Insurance	L/S			0	0	0	0	0
10	Interest on loan	Per annum		2 per cent	2000	2000	2000	2000	2000
	<b>Total recurring costs</b>				<b>201120</b>	<b>211176</b>	<b>221734</b>	<b>232820</b>	<b>244461</b>
	<b>Total cost - Capital and recurring</b>				<b>441820</b>	<b>211176</b>	<b>221734</b>	<b>232820</b>	<b>244461</b>
<b>D</b>	<b>Income from vermi composting</b>								
11	<b>Sale of Vermicompost</b>	Tones	48	<b>8000</b>	<b>384000</b>	<b>403200</b>	<b>423360</b>	<b>444528</b>	<b>466754</b>
12	<b>Sale of earthworm</b>					<b>20000</b>	<b>40000</b>	<b>40000</b>	<b>40000</b>



13	<b>Total revenue</b>				<b>384000</b>	<b>423200</b>	<b>463360</b>	<b>484528</b>	<b>506754</b>
14	Net returns (D-C)				<b>182880</b>	<b>212024</b>	<b>241626</b>	<b>251700</b>	<b>262293</b>

**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.

### Economic Analysis

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital cost	<b>240000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Recurring cost	<b>201120</b>	<b>211176</b>	<b>221734</b>	<b>232820</b>	<b>244461</b>	
Total cost	441820	211176	221734	232820	244461	1352011
Total benefits	<b>384000</b>	<b>423200</b>	<b>463360</b>	<b>484528</b>	<b>506754</b>	<b>2261842</b>
<b>Net benefits</b>	-57820	212024	241626	251708	262293	909831
<b>Net present worth of cost @15 per cent</b>	<b>1352011</b>					
<b>Net present worth of benefits @15 per cent</b>	<b>2261842</b>					
<b>Benefit Cost Ratio</b>	<b>1.67</b>					

**Distribution of net profit** – 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. 4.2 per Kg
- ➔ Sale of vermi-compost (conservative side) is Rs. 8 per Kg
- ➔ Net profit will be Rs. 3.8 per Kg
- ➔ It is proposed that each member will produce 5.4tonnes of vermi-compost every year resulting in production of 80 tones vermi-compost by all 16 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	240000	180,000	60,000
2	Total Recurring Cost	201120	0	201120
3	Trainings/ capacity building/skill up-gradation	50000	50000	0
	<b>Total =</b>	<b>491120</b>	<b>230000</b>	<b>261120</b>

### Note-

- **Capital Cost** - 75% 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"> <li>• 75% of capital cost will be utilized for construction of pit (Size will be of 10ftX4ftX2ft)</li> <li>• Upto Rs 1 lakh will be parked in the SHG bank account.</li> <li>• Trainings/capacity building/ skill up-gradation cost.</li> </ul>	Procurement of materials for pit/construction of pit will be done by respective DMU/FCCU after following all codal formalities.
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SHG Contribution	<ul style="list-style-type: none"> <li>• 25% of capital cost to be borne by SHG, this include cost of shed/construction of shed.</li> <li>• Recurring cost to be borne by SHG</li> </ul>	
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#### 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.

### Group Photo;-



## Group Member Photo;-



Prepared BY:-

Mr. Madan Lal Sharma (Retd. HPFS)

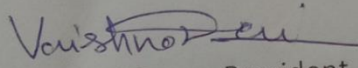
Ms. Deeksha (SMS)

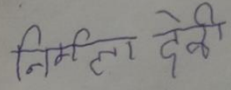
Ms. Shivani (FTU Co-ordinator)

Ms. Savita (FTU Co-Ordinator)

Resolution - CUM-Group Consensus Form

It is decided in the General House meeting of the group... **KOKE SHG**  
held on **09-09-2022** at... **Koke**..... 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

Business Plan Approval By VFDS & DMU

...Koke SHG... Group will undertaken the ...Nesmicompst... as livelihood income Generation Activity under the project for implementation of Himachal Pradesh forest ecosystem Management and livelihood (JICA assisted). In this regard business plan of amount Rs. 491120/- has been submitted by group on 12/12/2022 and the business plan has been approved by the VFDS... Koke ...

Business plan is submitted through FTU for further action please.

Thank you

*Vishwanath*

Signature of Group President

*Signature of Group Secretary*

Signature of Group Secretary

Member Secretary  
V.F.D.S.....

*Signature of President VFDS*

Signature of President VFDS

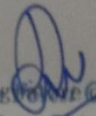
V.F.D.S... Koke

*Approved*

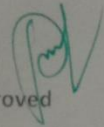
Approved

-DFO  
DMU-CUM-Dehra

Submitted to DMU through FTU

  
Name & Signature of Officer  
Jawalamukhi (H.P.)

Savita Devi Savita Devi  
Name & Signature of FTU Coordinator

  
Approved  
Name & Signature of DMU Officer