



## BUSINESS PLAN

### INCOME GENERATING ACTIVITY – VERMI-COMPOST

by

**Maharana Pratap - Self Help Group**



SHG/CIG Name	::	Maharana Pratap
VFDS Name	::	Nandpur Bhatoli
Range	::	Nagrota Surian
Division	::	Dehra Divison

**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 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	::	Maharana Pratap
VFDS	::	Nandpur Bhatoli
Range	::	Nagrot a Surian
Division	::	Dehra Divison
Village	::	Nandpur
Block	::	Nagrot a Surian
District	::	Kangra

Total No. of Members in SHG	::	9
Date of formation	::	9/09/2022
Bank a/c No.	::	50100577784557
Bank Details	::	HDFC Dehra
SHG/CIG Monthly Saving	::	50 rs
Total saving		450 rs
Total inter-lending		1500 rs
Cash Credit Limit		-
Repayment Status		-

## 2. Beneficiaries Detail:

Sr.no	Name Of Candidate	Ward Name	Contact No	Designation
1	Gurdash singh S/O Chandu Ram	Nandpur	9816315899	President
2	Gurdian Singh S/O Ghajo Ram	Nandpur	9816294580	Secretary
3	Raghubir Singh S/O Mallu Ram	Nandpur	9816983528	Treasurer
4	Kanu Ram S/O Dhani Ram	Nandpur	8988215068	Member
5	Jai Singh S/O Mallu Ram	Nandpur	8894550681	Member
6	Vinod Kumar S/O Jugal Kishor	Nandpur	8091259547	Member
7	Mohinder Singh S/O Mallu Ram	Nandpur	9816761451	Member
8	Ravinder pal S/O Budhi Singh	Nandpur	9816812003	Member
9	Hans Raj S/O Dhuni Chand	Nandpur	9805477926	Member

## 3. Geographical details of the Village

3.1	Distance from the District HQ	::	80Km
3.2	Distance from Main Road	::	1Km
3.3	Name of local market & distance	::	Nagrota & 1km
3.4	Name of main market & distance		Nagrota & 10Km
3.5	Name of main cities & distance		Jawali 35km & Pathankot 70km, Kangra 50Km
3.6	Name of main cities where product will be sold/ marketed	::	Nagrota Surian, Pathankot, Jawali Kangra, Haripur

#### 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 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)
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6.2	Manpower required per cycle (No.)	::	9
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	::	1575 Kg per cycle
6.6	Expected production per cycle (Kg) per member	::	790 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"		"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	9	7000	63000	0	0	0	0
2	Erection of cover shed with iron angel	Per member	9	5000	45000				
	<b>Sub-total (A.1)</b>				<b>108000</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	9	3000	27000	0	0	0	0
	<b>Sub-total (A.2)</b>				<b>27000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Capital Costs (A.1+A.2)</b>				<b>135000</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	9	550	4950	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Ton	54	1000	54000	56700	59535	62512	65638
6	Labour Cost	Per ton	27	800	21600	22680	23814	25005	26255
7	Packing materials	No.	9000	3	27000	28350	29767	31255	32818
8	Other handling charges	Per ton	27	165	4455	4678	4912	5157	5415
<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>114005</b>	<b>114408</b>	<b>120028</b>	<b>125929</b>	<b>132126</b>
	<b>Total cost - Capital and recurring</b>				<b>249005</b>	<b>114408</b>	<b>120028</b>	<b>125929</b>	<b>132126</b>
<b>D</b>	<b>Income from vermi composting</b>								
11	<b>Sale of Vermicompost</b>	Tones	27	<b>8000</b>	<b>216000</b>	<b>226800</b>	<b>238140</b>	<b>250047</b>	<b>262549</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>216000</b>	<b>246800</b>	<b>278140</b>	<b>290047</b>	<b>302549</b>
14	Net returns (D-C)				<b>101995</b>	<b>132392</b>	<b>158112</b>	<b>164118</b>	<b>170423</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>135000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Recurring cost	<b>114005</b>	<b>114408</b>	<b>120028</b>	<b>125929</b>	<b>132126</b>	
Total cost	249005	114408	120028	125929	132126	741496
Total benefits	<b>216000</b>	<b>246800</b>	<b>278140</b>	<b>290047</b>	<b>302549</b>	<b>1333536</b>
<b>Net benefits</b>	<b>-33005</b>	<b>132392</b>	<b>158112</b>	<b>164118</b>	<b>170423</b>	<b>658050</b>
<b>Net present worth of cost @15 per cent</b>	<b>741496</b>					



<b>Net present worth of benefits @15 per cent</b>	<b>1333536</b>					
<b>Benefit Cost Ratio</b>	<b>1.79</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. 3.7 per Kg
- It is proposed that each member will produce 3 tonnes of vermi-compost every year resulting in production of 27 tones vermi-compost by all 9 members of SHG in one year.
- Cost of earthworm has been kept at Rs. 500.00 per kg
- During th second years onwards, there will be surplus earthwork 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	<b>Total capital cost</b>	<b>135000</b>	<b>101250</b>	<b>33750</b>
2	<b>Total Recurring Cost</b>	<b>114005</b>	<b>0</b>	<b>114005</b>
3	<b>Trainings/ capacity building/skill up-gradation</b>	<b>50000</b>	<b>50000</b>	<b>0</b>
	<b>Total =</b>	<b>299005</b>	<b>151250</b>	<b>147755</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.
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>	

### 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:

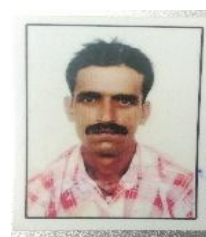
- ➔ Project Orientation Group Formation/ Reorganization
- ➔ Group Concept and Management

- ➔ 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.

### Photo's of each Member;-



### Prepared By; -

Mr. Madan Lal Sharma Retd. HPFS (Co-Ordinator JICA)

Ms. Deeksha Devi (Subject Matter Specialist JICA)

Ms. Shivani (FTU Co-ordinator JICA)

**Resolution-cum-Group Consensus Form**

It is decided in the General House meeting of the group Mahavamsa Bait Held on 09/09/2018 at Nandpur 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).

Gurdas Singh  
Signature of Group Pradhan  
Gurdas Singh

शिवराम त्रिग  
Signature of Group Secretary

Business Plan Approval by VFDS & DMU

Maharaja Pratap Group will undertake the Vernicompost 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 299005/- has been submitted by group on 15-12-2012. And the business plan has been approved by the VFDS Nandpau Bhetali

Business Plan is submitted through FTU for further action please

Thank you

Quader Singh  
Signature of Group President

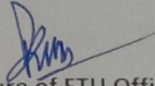
गुरवचान सिंह  
Signature of Group Secretary

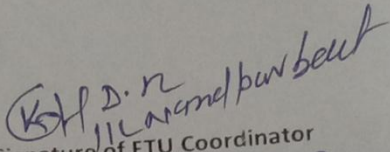
Raghulio singh  
Signature of President V

PN  
Approved  
-DFO  
DMU-CUM-Dehra

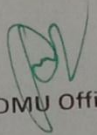


Submitted to DMU through FTU

  
Name & Signature of FTU Officer  
Name of Forest Officer  
Name of Station (H.P.)

  
Name & Signature of FTU Coordinator  
Krishan Gopal Deputy Ranger  
i/c Nandpur Beak

Approved

  
Name & Signature of DMU Officer