



BUSINESS PLAN

INCOME GENERATING ACTIVITY – VERMI-COMPOST & KNITTING

By

Sheetla Mata- Self Help Group



SHG/CIG Name	::	Sheetla Mata
VFDS Name	::	Thatri
Range	::	Dharamshala
Division	::	Dharamshala

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.

Vermi composting

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 vermi composting 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. Vermicomposting 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	::	Sheetla Mata
VFDS	::	Thatri
Range	::	Dharamshala
Division	::	Dharamshala Divison
Village	::	Sokni Da Kot
Block	::	Khaniyara
District	::	Kangra
Total No. of Members in SHG	::	11
Bank Detail	::	SBI Bank
Bank A/C No.	::	41345436507
SHG/CIG Monthly Saving	::	100 rs
Total saving		1000 rs

2. Beneficiaries Detail:

Sr.no	Name Of Candidate	AGE	Contact No	Designation
1	Madhu Kumari	26	8580522557	President
2	Siya Devi	21	8219519708	Secretary
3	Reshma Devi	40	9418370865	Member
4	Meena Devi	48	8351912856	Member
5	Pooja Devi	28	7831006852	Member
6	Neelma Devi	47	9418235851	Member
7	Sapna Devi	40	9736620038	Member
8	Sammi Devi	22	8091747807	Member
9	Reena Devi	35	7591054514	Member
10	Mamta Devi	40	7807775968	Member
11	Nuppo Devi	48	9418833006	Member

3. Geographical details of the Village

3.1	Distance from the District HQ	::	25km
3.2	Distance from Main Road	::	6 Km
3.3	Name of local market & distance	::	Dharamshala & 18km
3.4	Name of main market & distance		Dharamshala & 18Km
3.5	Name of main cities & distance		Dharamshals-18km,
3.6	Name of main cities where product will be sold/ marketed	::	Dharamshala, khaniyara
3.3	Name of local market & distance	::	Khaniyara & 7 km
3.4	Name of main market & distance		Dharamshala & 18Km
3.5	Name of main cities & distance		Dharamshala-18km, Khaniyara- 7 Km
3.6	Name of main cities where product will be sold/ marketed	::	Dharamshala, Khaniyara

4. Description of Product related to Income Generating Activity

4.1	Name of the Product	::	Vermi composting
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		Description
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.)	::	11
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

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	::	HP 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"		"Organic Farming"

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
A.	Capital Cost								
A.1	Construction of Pit and shed								
1	Construction as well as labour cost including shed (Size will be of 10ftX4ftX2ft)	Per member	10	7000	70000	0	0	0	0
2	Erection of cover shed with iron angel	Per member	10	5000	50000				
	Sub-total (A.1)				120000	0	0	0	0
A.2	Machinery and equipment								
3	Tools, equipment, weighing scale etc.	Per member	10	3000	30000	0	0	0	0
	Sub-total (A.2)				30000	0	0	0	0
	Total Capital Costs (A.1+A.2)				150000	0	0	0	0
B	Recurring Costs								
4	Seed earthworm	Per Kg	10	550	5500	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Ton	60	1000	60000	63000	66150	69457	72930
6	Labour Cost	Per ton	30	800	24000	25200	26460	27783	29172
7	Packing materials	No.	10000	3	30000	31500	33075	34730	26465
8	Other handling charges	Per ton	30	165	4950	5197	5456	5728	6015
C	Other charges								
9	Insurance	L/S			0	0	0	0	0
10	Interest on loan	Per annum		2 per cent	2000	2000	2000	2000	2000
	Total recurring costs				126450	126897	133141	139698	136582
	Total cost - Capital and recurring				276450	126897	133141	139698	136582
D	Income from vermi composting								
11	Sale of Vermicompost	Tones	30	8000	240000	252000	264600	277830	291721
12	Sale of earthworm					20000	40000	40000	40000
13	Total revenue				240000	272000	304600	317830	331721
14	Net returns (C-D)				113550	145103	171459	178132	195139

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	150000	0	0	0	0	
Recurring cost	126450	126897	133141	139698	136582	662768
Total cost	276450	126897	133141	139698	136582	812768
Total benefits	240000	272000	304600	317830	331721	1466151
Net benefits	-36450	145103	171459	178132	195139	653383
Net present worth of cost @15 per cent	812768					
Net present worth of benefits @15 per cent	1466151					
Benefit Cost Ratio	1.80					

Economic Analysis

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 3 tons of vermi-compost every year resulting in production of 30 tones vermi-compost by all 10 members of SHG in one year.
- ➔ Cost of earthworm has been kept at Rs. 550.00 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	Total capital cost	150000	112500	37500
2	Total Recurring Cost	126450	0	126450
3	Trainings/ capacity building/skill up-gradation	50000	50000	0
	Total =	326450	162500	163950

- **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"> • 75% of capital cost will be utilized for construction of pit (Size will be of 20ftX4ftX2ft) • 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"> • 25% 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 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.

Bnbnb

Business plan of Knitting Sheetla Mata SHGs

Sweater and Cardigan knitting along with knitting socks, mufflers, scarf, caps, gloves etc. is a common household activity mainly among the women in rural India. Most of the women are well conversant with this IGA and they do it happily in their free time and as well while doing other household works. The women in this SHG are already in activity to meet the need of their family members. Now the members have chosen this activity as IGA so that they can earn extra money to meet their expenses and raise some saving also for the difficult times. A group of 16 women of different age group came together to form a SHG under JICA project and decided to craft a business plan which can help them to take this IGA in collective manner and raise their additional income.

Machinery, tools and other equipments

The traditional knitting along with the mechanical knitting will go hand in hand so that a value product is made available for marketing and making it competitive both in quality and price tag. Some of the items will be produced in traditional manner and others in mechanical manner depending upon the demand in the targeted area .The following machinery and tools need to be procured.

A. CAPITAL COST				
Sr. No.	Particulars of Machinery.	Quantity	Rate per unit	Total Amount
1	Knitting machine (simple)	10	8000	80000
2	Knitting design book	1	1500	1500
3	Gola making machine	10	800	8000
4	Working table	5	1500	7500
5	Plastic chairs	-	-	-
Total capital cost				97000

B. Recurring cost				
Sr. No.	Particulars	Unit	Rate	Amount
1.	Room rent	Per month	3000	3000
2.	Water & electricity	Per month	1000	1000
3.	Knitting yarn of different colour and quality	Per month L/S	96000	96000
4.	Lubricating oil & pippet	Per month	2000	2000
5.	Wear & tear	Per month L/S	2000	2000
Total Recurring cost				104000

Total production and sale amount in month

Since it is an additional activity in the SHG apart from their routine household work the outcome will be proportionate to the working hours of each member. It is always better initially to keep the production on conservative side which can always be scaled up with passage of time and work experience. Therefore, it is presumed that each member will produce one item per day as finally finished product and daily 16 items can be made available for sale. Keeping in view this production rate of approximately 400 finished items will be ready for sale in one month. As beginner the item rate on an average if presumed to be Rs.500 each therefore the total income per month is worked as under:

Particulars	Total Amount (Rs.)	Project Contribution (75%)	SHG contribution (25%)
Total capital cost	97000	72750	24250
Recurring cost			
10% depreciation on capital cost/month	1765	-	1765
Other expenditure per month	104000	-nil-	104000
Total	202765		130015

Total sale in a month $(500*400) = 200000$

Total expenditure in first month $(104000+1765) = 105765$

However an amount of rupees 158850 is the project support therefore for calculation purpose this amount can safely be deducted from the expenditure column and the net income can be re-cast again. More over the members of SHG will be doing the job collectively therefore their wages have not been taken into account. The net income at the end of them on this re-cast as under:

Capital cost / Month	
Particulars	Amount
i) 10% depreciation on capital cost monthly	1765/-
ii) Total Recurring Cost	104000/-
iii) Total Knitted Sweater / Month	400
iv) Selling Price/ Sweater	Approx 500 Rs
v) Income Generation (500*400)	200,000/-
Net profit (Income Generation – Total Expenditure / Month)	94235/-

Sharing of the profit

The members of SHG has mutually agreed with consent voice that in the 1st month Rs.4000 will be paid to each member as income and the remaining profit of Rs.30235 will be kept as emergency reserve in their bank account to meet up the future contingency ,if any.

. Fund flow in the group:

Sr.No.	Particulars	Total Amount(Rs)	Project contribution	SHG contribution
1	Total capital cost	97000	72750	24250
2	Total Recurring Cost	104000	0	104000
3	Trainings	50000	50000	0
	Total outlay	251000	122750	128250

Note-

6. **Capital Cost**-75%of the total capital cost will be borne by the Project
7. **Recurring Cost**–The entire cost will be borne by the SHG/CIG.
8. **Trainings/capacity building/skill up-gradation**–Total cost to be borne by the Project

. Sources of funds and procurement:

Project support;	<ul style="list-style-type: none"> • 75% of capital cost will be utilized for purchase of machines. • UptoRs.1 lakh will be parked in the SHG bank account as a revolving fund. • Trainings/capacity building/skill up-gradation cost. 	Procurement of machines will be done by respective DMU/FCCU after following all codal formalities.
SHG contribution	<ul style="list-style-type: none"> • 25% of capital cost to be borne by SHG. • Recurring cost to be borne by SHG 	

. 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:

Team work

Quality control

Packaging and Marketing

Financial Management

Loan Repayment Schedule- 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.

8. 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.

11. In term loans, the repayment must be made as per the repayment schedule in the banks.

Monitoring Method–

- ⇐ 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.

The Total Cost of the Project

Vermi compost-

Capital Cost-150000/-

Recurring Cost-126450/-

Total Cost of Vermi composting – 276450/-

Knitting-

Capital Cost-97000/-

Recurring Cost-104000/-

Total Cost of Vermi composting –201000/-

Total Cost of Business Plan- 477450/-

Sr. No	Business plan	Capital Cost	Recurring Cost	Project Contribution	Beneficiary Contribution	Total Cost
1	Vermi Composting	150000	126450	112500	163950	276450/-
2	Knitting	97000	104000	72750	128250	201000/-
	Total	247000/-	230450/-	185250/-	292200/-	477450/-

Group Photo



Prepared By; -

Mr. Manohar Lal Retd. HPFS (Co-Ordinator JICA)

Ms. Babita (Subject Matter Specialist JICA)

Approval Letter

अनुलग्नक

हम सब समूह सदस्य ने आईजीए गतिविधि में सक्रिय रूप से भाग लेने के लिए सहमति दी है एचपी पारिस्थितिकी तंत्र प्रबंधन और आजीविका में सुधार और वीएफडीएस के साथ समन्वय के लिए जेआईसीए परियोजना के दिशानिर्देश के अनुसार समूह (गुणा और जिनमखर) द्वारा चुना गया। सदस्यों का विवरण इस प्रकार है

क्र स	नाम	पद	वर्ग	उम्र	हस्ताक्षर
1.	मधु कुमारी	पूर्वाग	S.C	26	madhu Kumari
2.	शिया देवी	सचिव	S.C	21	Shiya
3.	रेशमा देवी	सदस्य	S.C	40	Reshma
4.	मीना देवी	सदस्य	S.C	48	मीना
5.	पूजा देवी	सदस्य	S.C	28	पूजादेवी
6.	नीलमा देवी	सदस्य	S.C	47	नीलमा
7.	सपना	सदस्य	S.C	40	सपना देवी
8.	शममा देवी	सदस्य	SC	22	SHAMMA
9.	रीना देवी	सदस्य	S.C	35	रीना देवी
10.	ममता	सदस्य	SC	40	ममता देवी
11.	गुप्पा देवी	सदस्य	S.C	48	गुप्पा
12.					
13.					
14.					
15.					
16.					

Shivya
हस्ताक्षर
सचिव स्वयं सहायता समूह

Mahy Kumar
हस्ताक्षर
प्रधान स्वयं सहायता समूह

हस्ताक्षर Kishan
सचिव, वन ग्रामीण विकास
समिति

हस्ताक्षर Rohit Kumar
प्रधान, वन ग्रामीण विकास
समिति

हस्ताक्षर
वन रक्षक

हस्ताक्षर
वन खण्ड अधिकारी

Rang Forest officer
Dharamshala range
Dharamshala division
हस्ताक्षर
वन प्रविष्टि अधिकारी

Approved!
Divisional Forest Officer
Forest Division
Dharamshala