

# BUSINESS PLAN

## INCOME GENERATING ACTIVITY-VERMICOMPOST

by

**Jai ShaliMaa -Self Help Group**



SHG/CIG Name	::	Jai Shali Maa
VFDS Name	::	Kadel
Range	::	Kotkhai
Division	::	Theog

**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**

Production of compost through rearing/using earth worms is called the vermicomposting technology. Under this technology, earthworms eat biomass and excrete it in a digested form which is known as vermicomposting or vermicompost. 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.

## 1. Description of SHG/CIG

SHG/CIG Name	::	Jai ShaliMaaSHG
VFDS	::	Kadel
Range	::	Kotkhai
Division	::	Theog
Village	::	Kadel
Block	::	Gohach
District	::	Shimla
Total No. of Members in SHG	::	11
Date of formation	::	25-10-2021
Bank a/c No.	::	42910106966
Bank Details	::	HP state co-operative bank, Pragati Nagar
SHG/CIG Monthly Saving	::	100/-
Total saving	::	21000
Total inter-loaning		
Cash Credit Limit		
Repayment Status		

## 2. Beneficiaries Detail:

Sr. No.	Name	Father/Husb and Name	Age	Education	Category	Income Source	Address
1	Vikas Verma	Krishan Lal Verma	47	BA	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
2	AnkushShyam	Bhagchand	33	MA	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
3	Ashish Verma	Rajendra Verma	33	B. com	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
4	Vishal Shyam	Ram Singh Shyam	39	BA	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
5	RitikVerma	Gyan Verma	24	B tec	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
6	Sushil Verma	Lt. Bal Krishan	32	BA	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
7	Ankush Verma	Ram Lal Verma	28	12 <sup>th</sup>	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
8	Arjun Verma	Mangat Ram Verma	27	Msc	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
9	Anil Verma	Het Ram Verma	32	b. com	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
10	SachinVerma	Madan Gopal Verma	29	BA	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP
11	ShubhamShyam	Amar chandShyam	30	BA	General	Agriculture	Vill. Kadel. PO-Himri. Teh. Kotkhai Shimla; HP

### 3. Geographical details of the Village

3.1	Distance from the District HQ	::	90 Km
3.2	Distance from Main Road	::	30 Km
3.3	Name of local market & distance	::	Gumma (35Km)
3.4	Name of main market & distance		Kotkhai (40Km)
3.5	Name of main cities & distance		Theog (50Km)
3.6	Name of main cities where product will be sold/ marketed	::	Gumma, Kotkhai

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

4.1	Name of the Product	::	Vermicomposting
4.2	Method of product identification	::	This activity is being already done by some SHG members and 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

Step		Description
		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	::	6tonnes per cycle
6.6	Expected production per cycle (Kg) per member	::	3tonnes (@50%) 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"	"Best out of Waste"

## 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

S. No	Particulars	Units	Quantity / Nos.	Cost (Rs.)	Year 1	Year 2	Year 3
<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 (Pit Size internal will be of 10ftX4ftX2ft )	Per member	11	6000	66000	0	0
2	Errection of cover shed	Per member	11	4000	44000		
	<b>Sub-total (A.1)</b>				<b>110000</b>	<b>0</b>	<b>0</b>
<b>A.2</b>	<b>Machinery and equipment</b>						
3	Tools, equipment, weighing scale etc.	Per member	11	2000	22000	0	0
	<b>Sub-total (A.2)</b>				<b>22000</b>	<b>0</b>	<b>0</b>
	<b>Total Capital Costs (A.1+A.2)</b>				<b>132000</b>	<b>0</b>	<b>0</b>
<b>B</b>	<b>Recurring Costs</b>						
4	Lease of land for setting up unit	Per annum	11	0	0	0	0
5	Seed earthworm	Per Kg	11	500	5500	0	0
6	Cost of procurement of Slurry/dung/waste	Tonnes	0	0	0	0	0
	Labour Cost	Per tonne	40	700	28000	29400	30870

7	Packing materials	No.	200	50	10000	10500	11025	11576	12155
8	Other handling charges	Per tonne	40	150	6000	6300	6615	6946	7293
<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	3000	3000	3000	3000	3000
	<b>Total recurring costs</b>				<b>53000</b>	<b>49200</b>	<b>51510</b>	<b>53936</b>	<b>56482</b>
	<b>Total cost =(capital cost+recurring cost)</b>				<b>197000</b>	<b>49200</b>	<b>51510</b>	<b>53936</b>	<b>56482</b>
<b>D</b>	<b>Income from vermicomposting</b>								
11	Sale of vermicompost	Tonnes	40	6000	240000	252000	264600	277830	291722
12	Sale of earthworm					7500	15000	15000	15000
13	<b>Total revenue</b>				<b>240000</b>	<b>259500</b>	<b>279600</b>	<b>292830</b>	<b>306722</b>
14	<b>Net returns (total revenue-total (D-C)(240000-197000)</b>				<b>43000</b>	<b>210300</b>	<b>228090</b>	<b>238894</b>	<b>250240</b>

## Economic Analysis

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital cost	132000	0	0	0	0	
Recurring cost	53000	49200	51510	53936	56482	
Total cost	197000	49200	51510	53936	56482	408128
Total benefits	240000	259500	279600	292830	306722	1378652
<b>Net benefits</b>	<b>43000</b>	<b>210300</b>	<b>228090</b>	<b>238894</b>	<b>250240</b>	<b>970524</b>

**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 40 tonnesvermi-compost by all 15 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	Total capital cost	132000	66000	66000
2	Total Recurring Cost	53,000	0	53,000
3	Trainings/ capacity building/skill up-gradation	50000	50000	0
	<b>Total =</b>	<b>235000</b>	<b>116000</b>	<b>119000</b>

### 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:

Project support;	<ul style="list-style-type: none"> <li>• 50% of capital cost will be utilized for construction of pit (Size will be of 10ftX4ftX2ft )</li> <li>• UptoRs 1 lakh will be</li> </ul>	Procurement of materials for pit/construction of pitwill be done by respective DMU/FCCU
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	<p>parked in the SHG bank account.</p> <ul style="list-style-type: none"> <li>• Trainings/capacity building/ skill up-gradation cost.</li> </ul>	after following all codal formalities.
SHG contribution	<ul style="list-style-type: none"> <li>• 50% 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.

### Group members Photos –

Sr.No.	SHG Members Photos	Name
1		Vikas
2		Ankush
3		Ashish
4		Sachin

5		Ritik
6		Shubham
7		Vishal
8		Anil
9		Arjun



10	 A portrait of a man with a beard and sunglasses, wearing a patterned shirt, standing outdoors in front of a building.	Sushil
11	 A portrait of a man with a beard and a tilak on his forehead, wearing a red and blue sweater and a decorative necklace, standing in front of a traditional building with a staircase.	Ankush

**Prepared by:** SHG members in consultation with DMU Theog, FTU Kotkhai Forest Range and JICA staff.

### Annexure

We the member of group hereby consented to actively participate in the IG Activity opted by the group Jai Shali Ma..... as per the guideline of JICA Project For Improvement of HP Forest Ecosystems management and Livelihood and coordination with the VFDS.

The details of the members is as under:

S.No.	Name (Phone number)	Father/Husband Name	Age	Education	Category	Income Source	Address	Sign
1	Vikas Verma	Kishori Lal Verma	47	B.A	General	Agriculture	Vill - Kadal	[Signature]
2	Anand Sharma	Bhag Chand	33	M.A	General	Agriculture	Vill - Kadal	[Signature]
3	Ashish Verma	Rajendra Verma	33	B. Com.	General	Agriculture	Vill - Kadal	[Signature]
4	Ushat Sharma	Roubring Sharma	39	B. A	General	Agriculture	Vill - Kadal	[Signature]
5	Rishi Verma	Jyoti Verma	24	B. Tec	General	Agriculture	Vill - Kadal	[Signature]
6	Sanjay Verma	Bal Krishna	32	B.A	General	Agriculture	Vill - Kadal	[Signature]
7	Ankur Verma	Kamraj Verma	28	12	General	Agriculture	Vill - Kadal	[Signature]
8	Ajaya Verma	Mougal Ram Verma	27	M.S.C	General	Agriculture	Vill - Kadal	[Signature]
9	Anil Verma	Ud Ram Verma	32	B.COM	General	Agriculture	Vill - Kadal	[Signature]
10	Lokesh Verma	Madan Jyoti Verma	29	B.A	General	Agriculture	Vill - Kadal	[Signature]
11	Harshvardhan Sharma	Anand Chand Sharma	30	B.A	General	Agriculture	Vill - Kadal	[Signature]
12								


Business Plan Approval by VFDS

Jai Shakti Group will undertake the..... Vermi Composting.....

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. 235,000 has been submitted by this group on Dated 3-07-2023 and the Business Plan has been approved by VFDS 4-07-2023

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

Thank You

  
Signature of Group President  
शक्ति ग्रुप  
जय शक्ति ग्रुप  
पदेन, का. र. सिवरी, जिला  
विवाहा विभाग




  
Signature of Group Secretary  
शक्ति ग्रुप  
जय शक्ति ग्रुप  
पदेन, का. र. सिवरी, जिला  
विवाहा विभाग

Resolution-cum -Group-Consensus Form

It is decided in the General House Meeting of the group ... *Jai Shakti Maa* ...  
Held on *27-09-23* at ..... *Kadel* ..... that our group will undertake the  
*Vermi Composting* as Livelihood Income Generation Activity under the Project for  
Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods  
(JICA Assisted)

*[Signature]*  
Signature of Group President  
कदेल, वा. नं. १  
जिला हिमाचल प्रदेश

*[Signature]*  
Signature of Group Secretary  
कदेल, वा. नं. १  
जिला हिमाचल प्रदेश

<p>1. Kadel ..... VFDS</p> <p>President    President.....  VFDS Kadel</p>	<p>2. Jai Shakti Maa ..... SHG</p> <p>President    President  व्यवसायी मी स्वयं सहायता समूह  कडेन, बा. प. विभाग, वड. अहमदाबाद  जिल्हा विनया दि.२.</p>
<p>3. Kadel ..... VFDS</p> <p>Secretary  Member Secretary.....  VFDS Kadel</p>	<p>4. Jai Shakti Maa ..... SHG</p> <p>Secretary    Secretary  व्यवसायी मी स्वयं सहायता समूह  कडेन, बा. प. विभाग, वड. अहमदाबाद  जिल्हा विनया दि.२.</p>

Submitted to DMU through FTU

Name and Signature of FTU officer

  
Rakshak  
Range Officer  
Range Kotkhal

<p>संस्थान सक शाही नौ सवक सार्वता समुह सक शाही नौ सवक सार्वता समुह सक शाही नौ सवक सार्वता समुह Signature of SHG Secretary विना विना</p>	<p>संस्थान सक शाही नौ सवक सार्वता समुह सक शाही नौ सवक सार्वता समुह सक शाही नौ सवक सार्वता समुह Signature of SHG President विना विना</p>
<p>Member Secretary..... Signature of VFDS Kadel</p>	<p>President..... Signature of VFDS VFDS Kadel</p>
<p>Signature of Forest Guard</p>	<p>Treasurer..... Signature of Block Officer VFDS Kadel</p>
<p>Signature of RFO Ranwari Forest Officer Ranwari Kothari</p>	

  
 Divisional Management Officer  
 Theog, Forest Division, Theog