



BUSINESS PLAN
INCOME GENERATING ACTIVITY – VERMI-COMPOST

By

Vani Mata Sheetla Mata- Self Help Group



SHG/CIG Name	:: Vani Mata
VFDS Name	:: Kutharna
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	::	Vani Mata
VFDS	::	Kutharna
Range	::	Dharamshala
Division	::	Dharamshala Divison
Village	::	Kutharna
Block	::	Kareri
District	::	Kangra
Total No. of Members in SHG	::	07
Bank Detail	::	KCC Bank Shahpur
Bank A/C No.	::	50076481705
SHG/CIG Monthly Saving	::	50 rs
Total saving		3050rs

2. Beneficiaries Detail:

Sr.no	Name Of Candidate	Contact No	Designation
1	Nisha Devi	7651087255	Pradhan
2	Seena Devi	6230515754	Secretary
3	Peepla Devi	-	Member
4	Shankuntla Devi	8988776872	Member
5	Nurso Devi		Member
6	Vimla Devi	9817527381	Member
7	Helo Devi	8352906040	Member

3. Geographical details of the Village

3.1	Distance from the District HQ	::	30km
3.2	Distance from Main Road	::	30 Km
3.3	Name of local market & distance	::	Dharamshala &30km
3.4	Name of main market & distance		Dharamshala&30Km
3.5	Name of main cities & distance		Dharamshals-30km,
3.6	Name of main cities where product will be sold/ marketed	::	Dharamshala, Shahpur
3.3	Name of local market & distance	::	Shahpur &30 km
3.4	Name of main market & distance		Dharamshala &30Km
3.5	Name of main cities & distance		Dharamshala-30km, Shahpur- 30 Km
3.6	Name of main cities where product will be sold/ marketed	::	Dharamshala,Shahpur

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.)	::	08
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	7	7000	49000	0	0	0	0
2	Erection of cover shed with iron angel	Per member	7	5000	35000				
	Sub-total (A.1)				84000	0	0	0	0
A.2	Machinery and equipment								
3	Tools, equipment, weighing scale etc.	Per member	7	3000	21000	0	0	0	0
	Sub-total (A.2)				21000	0	0	0	0
	Total Capital Costs (A.1+A.2)				105000	0	0	0	0
B	Recurring Costs								
4	Seed earthworm	Per Kg	7	550	3850	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Ton	42	1000	42000	44100	46305	48620	51051
6	Labour Cost	Per ton	21	800	16800	17640	18522	19448	20420
7	Packing materials	No.	7000	3	21000	22050	23152	24310	25525
8	Other handling charges	Per ton	21	165	3465	3638	3820	4011	4212
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				89115	89428	93799	98389	103208
	Total cost - Capital and recurring				194115	89428	93799	98389	103208
D	Income from vermi composting								
11	Sale of Vermicompost	Tones	21	8000	168000	176400	185220	194481	204205
12	Sale of earthworm					20000	40000	40000	40000
13	Total revenue				168000	196400	225220	234481	244205
14	Net returns (D-C)				78885	285828	131421	136092	140997

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	105000	0	0	0	0	
Recurring cost	89115	89428	93799	98389	103208	
Total cost	89115	89428	93799	98389	103208	473949
Total benefits	168000	196400	225220	234481	244205	1068306
Net benefits	78885	106972	126831	178132	140997	594357
Net present worth of cost @15 per cent	473949					
Net present worth of benefits @15 per cent	1068306					
Benefit Cost Ratio	2.25					

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	105000	78750	26250
2	Total Recurring Cost	89115	0	89115
3	Trainings/ capacity building/skill up-gradation	50000	50000	0
	Total =	244115	128750	115365

- **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.

Group Photo



हस्ताक्षर श्रीवादेती
सचिव स्वयं सहायता समूह

हस्ताक्षर श्रीशा देवी
प्रधान स्वयं सहायता समूह

हस्ताक्षर सुनील कुमार
सचिव, वन ग्रामीण विकास
समिति

हस्ताक्षर Parvati
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