

BUSINESS PLAN

INCOME GENERATING ACTIVITY –Vermi-compost by Manthan - Self Help Group



SHG/CIG Name	::	Manthan
VFDS Name	::	Been Padhechi
Range	::	Koti
Division	::	Shimla

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	::	Manthan
VFDS	::	Been Padhechi
Range	::	Koti
Division	::	Shimla
Village	::	Padhechi
Block	::	Mashobra
District	::	Shimla
Total No. of Members in SHG	::	10
Date of formation	::	June 2023
Bank a/c No.	::	45110108427
Bank Details	::	H.P. State Co-operative Bank Koti
SHG/CIG Monthly Saving	::	100/-
Total saving		7000/-
Total inter-lending		Nil
Cash Credit Limit		-
Repayment Status		-

2. Beneficiaries Detail:

Sl. No	Name	Father/HusbName	Age	Category	Income Source	Address
1	Smt. Indira(President)	Sh. Bhoop Ram	44	SC	Agriculture	Vill. Sheel P. O. Koti
2	Smt. Geeta Devi (Secretary)	Sh. Ramesh Kumar	27	SC	Agriculture	Vill. Maled P. O. Koti
3	Smt. Rekha (Cashier)	Sh. Sanju	32	SC	Agriculture	Vill.Padhechi P. O. Koti
4	Smt. Lalita	Sh. Kamal Kishore	23	SC	Agriculture	Vill. Maled P. O. Koti
5	Smt. Rekha	Sh. Kamal	31	SC	Agriculture	Vill. Sheel P. O. Koti
6	Smt. Babita	Sh. Kamal Kumar	29	SC	Agriculture	Vill.Padhechi P. O. Koti
7	Smt. Reeta	Sh. Govind Ram	48	SC	Agriculture	Vill. Maled P. O. Koti
8	Smt. Ramta	Sh. Rakesh Kumar	36	SC	Agriculture	Vill.Padhechi P. O. Koti
9	Sita	Sh. Narender Kumar	25	SC	Agriculture	Vill.Padhechi P. O. Koti
10	Smt. Babita	Sh. Mohit Kumar	34	SC	Agriculture	Vill.Padhechi P. O. Koti

3. Geographical details of the Village

3.1	Distance from the District HQ	::	35Km
3.2	Distance from Main Road	::	6Km
3.3	Name of local market & distance	::	Koti6 Km, Junga 15 Km
3.4	Name of main market & distance		Chail 18 km, Shimla35km
3.5	Name of main cities & distance		Chail 18 km, Shimla35km
3.6	Name of main cities where product will be sold/ marketed	::	HP Forest Deptt. & Shimla

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

Step		Description
		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.)	::	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	::	3600 Kg per cycle
6.6	Expected production per cycle (Kg) per member	::	1800Kg 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 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

(Amount in actual Rs.)

S. No	Particulars	Units	Quantity / Nos.	Cost (Rs.)	Year 1	Year 2	Year 3	Year 4	Year 5
	Capital Cost								
1	Preparation of Earth worm Bed(Bed Size 10ftX10ft)	Per member	10	6000	60000	0	0	0	0
2	Tarpaulin/Plastic Sheet	Per member	10	2500	25000	0	0	0	0
3	Wire Mesh 3x3 mm (4'x3' sieve)	Per member	10	500	5000				
4	Weighing scale etc.	Per member	10	1000	10000	0	0	0	0
	Total Capital Costs				100000				
B	Recurring Costs								
4	Seed earthworm	5 kg per member	50	500	25000	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Tonnes	108	900	97200	102060	107163	112521	118147
6	Labour Cost	Per tonne	54	700	37800	39690	41674	43757	45945
7	Packing materials	No.	8000	2	16000	16800	17640	18522	19448
8	Other handling charges	Per tonne	54	150	8100	8505	8930	9376	9845

C	Other charges								
9	Insurance	L/S			0	0	0	0	0
10	Interest on loan	Per annum		2 per cent	6000	6000	6000	6000	6000
	Total recurring costs				190100	173055	181407	190176	199385
	Total cost = Capital and recurring				290100	173055	181407	190176	199385
D	Income from vermicomposting								
11	Sale of vermicompost	Tonnes	54	6000	324000	340200	357210	375070	393823
12	Sale of earthworm					10000	20000	20000	20000
13	Total revenue				324000	354200	377210	395070	413823
14	Net returns (C-B)				133900	181145	195803	204894	214438

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

S. No	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
1	Capital cost	118000	0	0	0	0
2	Recurring cost	190100	173055	181407	190176	199385
3	Total cost	290100	173055	181407	190176	199385
4	Total benefits	324000	354200	377210	395070	413823
5	Net benefits	133900	181145	195803	204894	214438

Distribution of net profit - As per share in production.

11. Inferences of Economic Analysis

- ➔ Pit size for each member has been planned at 10X10ft .
- ➔ Cost of production of vermi-compost comes to Rs. 3.5 per Kg
- ➔ Sale of vermi-compost (conservative side) is Rs. 6 per Kg
- ➔ Net profit will be Rs. 2.5 per Kg
- ➔ It is proposed that each member will produce 5.4tonnes of vermi-compost every year resulting in production of 54tonnesvermi-compost by all 10 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	100000	75000	25000
2	Total Recurring Cost	190100	0	190100
3	Trainings/ capacity building/skill up-gradation	50000	50000	0
	Total =	340100	125000	215100

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"> • 75% of capital cost will be utilized for construction of pit and shed (Size will be of 10ftX4ftX2ft) • UptoRs 1 lakh will be parked in the SHG bank account. 	Procurement of materials/construction will be done by respective DMU/FCCU after following all codal formalities.
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	<ul style="list-style-type: none"> • Trainings/capacity building/ skill up-gradation cost. • The subsidy of 5% interest rate will be deposited directly to the Bank/Financial Institution by DMU and this facility will be only for three years. SHG have to pay the installments of the Principal amount on regular basis. 	
SHG contribution	<ul style="list-style-type: none"> • 25% of capital cost to be borne by SHG. • 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.
- Project support - The subsidy of 5% interest rate will be deposited directly to the Bank/Financial Institution by DMU and this facility will be only for three years. SHG/CIG have to pay the installments of the Principal amount on regular basis

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 Photo –



Resolution-cum-Group Consensus Form

It is decided in the General House Meeting of the group.....Manthas.....held on.....29/12/23.....at.....Padheski.....that our group will undertake.....Veruni composting.....as Livelihood Income Generation Activity under the Project for Improvement of Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA assisted).

प्रधान [Signature] सचिव
मंडल स्वयं सहायता समूह
पंचेच्छी, वनिक मंडलिका
Signature of Group Pradhan

प्रधान सचिव Greta
मंडल स्वयं सहायता समूह
पंचेच्छी, वनिक मंडलिका
Signature of Group Secretary

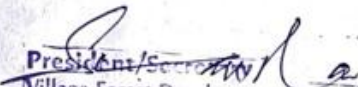
Business Plan Approval by VFDS

.....Manthan..... group will undertake the.....Vermi Compost..... 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).....3,40,100/-.....has been
submitted by this group on dated.....29/12/23.....and this business plan has been
approved byBeen Padhechi.....VFDS.

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

Thank you


President/Secretary
Village Forest Development Society
Been-Padhechi
Signature of VFDS Pradhan



President/Secretary
Village Forest Development Society
Signature of VFDS Secretary

Submitted to DMU through FTU


Name & Signature of FTU Officer
RANGE FOREST OFFICER
KOTI FOREST RANGE


Pratibha Sharma
Name & Signature of FTU Coordinator

Approved


Name & Signature of DMU Officer
DFO-cum-DMU OFFICER
JICA FORESTRY Project
SHIMLA