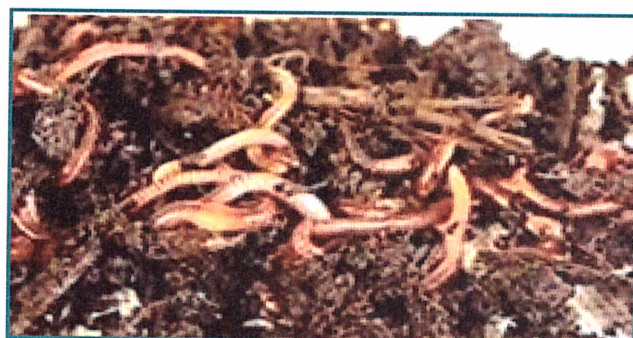


BUSINESS PLAN

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



SHG/CIG Name	::	Sheetla
VFDS Name	::	Shilru
Range	::	Taradevi
Division	::	Shimla

Prepared under:



Project for Improvement of Himachal Pradesh Forest Ecosystems
Management & Livelihoods (JICA Assisted)

Table of Contents

Sl. No.	Particulars	Page/s
1	Background	3
2	Description of SHG/CIG	4
3	Beneficiaries Detail	5
4	Geographical details of the Village	5
5	Description of product related to Income Generating Activity	5
6	Production Processes	6
7	Production Planning	6
8	Sale & Marketing	7
9	SWOT Analysis	7-8
10	Description of Management among members	8
11	Description of Economics	9-11
12	Inference of Economic Analysis	12
13	Fund Requirement	12
14	Sources of Fund	12
15	Bank Loan Repayment	13
16	Trainings/capacity Building / Skill up-gradation	13
17	Monitoring Method	13
18	Group Member Photos	14

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	::	Sheetla
VFDS	::	Shilru
Range	::	Taradevi
Division	::	Shimla
Village	::	Shilru
Block	::	Tuto
District	::	Shimla
Total No. of Members in SHG	::	9
Date of formation	::	Sep 2020
Bank a/c No.	::	2582000100030465
Bank Details	::	PNB Kanda
SHG/CIG Monthly Saving	::	100/-
Total saving		11200/-
Total inter-lending		5000/-
Cash Credit Limit		-
Repayment Status		-

2. Beneficiaries Detail:

Sl. No	Name	Father/ HusbName	Age	Categor y	Income Source	Address
1	Smt. Lata Sharma	Sh. Mahinder Sharma	44	Gen.	Agriculture	Shilru
2	Smt. Kamlesh Kumari	Sh.Susheel Sharma	36	Gen.	Agriculture	Shilru
3	Smt. Kanta Sharma	Sh. Puran Chand	52	Gen.	Agriculture	Shilru
4	Smt. Jayanti Sharma	Sh. Krishan Chand	53	Gen.	Agriculture	Shilru
5	Smt. Ram Dai	Sh. Shyam Lal	54	Gen.	Agriculture	Shilru
6	Smt. Meena Sharma	Sh. Om Prakash	53	Gen.	Agriculture	Shilru
7	Smt. Pooja Sharma	Sh.Umesh Sharma	44	Gen.	Agriculture	Shilru
8	Bimla Sharma	Sh. Tara Chand	39	Gen.	Agriculture	Shilru
9	Smt Seema Sharma	Sh. Jagdish Sharma	32	Gen.	Agriculture	Shilru

3. Geographical details of the Village

3.1	Distance from the District HQ	::	26Km
3.2	Distance from Main Road	::	6Km
3.3	Name of local market & distance	::	Ghanahatti, 6 Km
3.4	Name of main market & distance		Shimla, 26 Km
3.5	Name of main cities & distance		Shimla, 26 Km
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 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	::	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	::	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
A.	Capital Cost								
A.1	Construction of Pit and shed								
1	Construction as well as labour cost including shed (Pit Size internal will be of 10ftX4ftX2ft)	Per member	9	6000	54000	0	0	0	0
2	Erection of cover shed with iron angal	Per member	9	4000	36000				
	Sub-total (A.1)				90000	0	0	0	0
A.2	Machinery and equipment								
2	Tools, equipment, weighing scale etc.	Per member	9	2000	18000	0	0	0	0
	Sub-total (A.2)				18000	0	0	0	0
	Total Capital Costs (A.1+A.2)				108000	0	0	0	0
B	Recurring Costs								
5	Seed earthworm	Per Kg	9	500	4500	0	0	0	0
6	Cost of procurement of Slurry/dung/waste	Tonnes	50	900	45000	47250	49613	52093	54698
7	Labour Cost	Per tonne	25	700	17500	18375	19294	20258	21271
8	Packing materials	No.	4000	2	8000	8400	8820	9261	9724

9	Other handling charges	Per tonne	25	150	3750	3938	4134	4341	4558
C	Other charges								
10	Insurance	L/S			0	0	0	0	0
11	Interest on loan	Per annum		2 per cent	3000	3000	3000	3000	3000
	Total recurring costs				81750	80963	84861	88954	93251
	Total cost - Capital and recurring				189750	80963	84861	88954	93251
D	Income from vermicomposting								
12	Sale of vermicompost	Tonnes	25	6000	150000	157500	165375	173644	182326
13	Sale of earthworm					4500	9000	9000	9000
13	Total revenue				150000	162000	174375	182644	191326
13	Net returns (C-B)				68250	81037.5	89514.4	93690.1	98074.6

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	108000	0	0	0	0
Recurring cost	81750	80963	84861	88954	93251
Total cost	189750	80963	84861	88954	93251
Total benefits	150000	162000	174375	182644	191326
Net benefits	-39750	81038	89514	93690	98075
Net present worth of cost @15 per cent	537778				
Net present worth of benefits @15 per cent	860345				
Benefit Cost Ratio	1.60				

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. 3.3 per Kg
- Sale of vermi-compost (conservative side) is Rs. 6 per Kg
- Net profit will be Rs. 2.7 per Kg
- It is proposed that each member will produce 2.7 tonnes of vermi-compost every year resulting in production of 25 tonnes vermi-compost by all 9 members of SHG in one year.
- Cost of earthworm has been kept at Rs. 500.00 per kg
- During the second years onwards, there will be surplus earthworm 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	108000	81000	27000
2	Total Recurring Cost	81750	0	81750
3	Trainings/ capacity building/skill up-gradation	50000	50000	0
	Total =	239750	131000	108750

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 (Size will be of 10ftX4ftX2ft) • Upto Rs 1 lakh will be parked in the SHG bank account. • Trainings/capacity building/ 	Procurement of materials for pit/construction of pit will be done by respective DMU/FCCU after following all codal formalities.
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	skill up-gradation cost.	
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 members Photos –



Resolution-cum-Group Consensus Form

It is decided in the General House meeting of the group.....Sheetla S.H.G.....held on 06-3-2021 at Shilre 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).

श्रीलला स्वयं सहायता
समूह
गांव, शिलडू

Signature of Group Pradhan

श्रीलला स्वयं सहायता
समूह
गांव, शिलडू

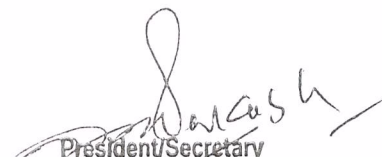
Signature of Group Secretary

Business Plan Approval by VFDS- DMU Shimla

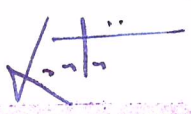
.....Sheetla..... group will undertake the.....Vermi Compost..... as
Livelihood Income Generation Activity under the Project for Improvement of
Himachal Pradesh Forest Ecosystems Management & Livelihoods (JICA Assisted).
In this regard Business Plan of amount (Rs).....239750/-.....has been
submitted by this group on dated.....12-03-2021.....and this business plan has been
approved byShilru.....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 Shilru
Signature of VFDS Pradhan


President/Secretary
Village Forest Development Society Shilru
Signature of VFDS Secretary


DFO-cum-DMU OFFICER
JICA FORESTRY Project
SHIMLA