

BUSINESS PLAN

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



SHG/CIG Name	::	Bharti
VFDS Name	::	Panesh
Range	::	Taradevi
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	::	Bharti
VFDS	::	Panesh
Range	::	Taradevi
Division	::	Shimla
Village	::	Panesh
Block	::	Tuto
District	::	Shimla
Total No. of Members in SHG	::	13
Date of formation	::	June 2020
Bank a/c No.	::	2582000100031172
Bank Details	::	PNB Kanda
SHG/CIG Monthly Saving	::	100/-
Total saving		17820/-
Total inter-lending		7000/-
Cash Credit Limit		-
Repayment Status		-

2. Beneficiaries Detail:

Sl. No	Name	Father/HusbName	Age	Category	Income Source	Address
1	Smt. Seema Thakur	Sh. Sunil Thakur	36	Gen.	Agriculture	Panesh
2	Smt. Ranjna Thakur	Sh. Vinod Thakur	28	Gen.	Agriculture	Panesh
3	Smt. Saraswati Devi	Sh. Surjeet Thakur	43	Gen.	Agriculture	Panesh
4	Smt. Kanta Garg	Sh. Suresh Garg	51	Gen.	Agriculture	Panesh
5	Smt. Rekha Devi	Sh. Rakesh	35	Gen.	Agriculture	Panesh
6	Smt. Punam Thakur	Sh. Rajeev	34	Gen.	Agriculture	Panesh
7	Smt. Nisha Devi	Sh. Mahinder Thakur	43	Gen.	Agriculture	Panesh
8	Smt. Nirmla Thakur	Sh. Ramesh Thakur	45	Gen.	Agriculture	Panesh
9	Smt. Kanta Devi	Sh. Kamlesh Thakur	42	Gen.	Agriculture	Panesh
10	Smt. Nisha Thakur	Sh. Ajeet Thakur	39	Gen.	Agriculture	Panesh
11	Smt. Sharda Devi	Late. Sh. Dev Chand	60	Gen.	Agriculture	Panesh
12	Smt. Bimla Thakur	Sh. Ranjeet Thakur	41	Gen.	Agriculture	Panesh
13	Smt. Ranjna	Sh. Mahinder Singh	28	Gen.	Agriculture	Panesh

3. Geographical details of the Village

3.1	Distance from the District HQ	::	28Km
3.2	Distance from Main Road	::	7Km
3.3	Name of local market & distance	::	Ghanahatti, 7 Km
3.4	Name of main market & distance		Shimla, 28 Km
3.5	Name of main cities & distance		Shimla, 28 Km

3.6	Name of main cities, where product will be sold/ marketed	::	HP Forest Deptt. & Shimla
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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

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.

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

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	13	6000	78000	0	0	0	0
2	Erection of cover shed with iron angal	Per member	13	4000	52000				
	Sub-total (A.1)				130000	0	0	0	0
A.2	Machinery and equipment								
3	Tools, equipment, weighing scale etc.	Per member	13	2000	26000	0	0	0	0
	Sub-total (A.2)				26000	0	0	0	0
	Total Capital Costs (A.1+A.2)				156000	0	0	0	0
B	Recurring Costs								
4	Seed earthworm	Per Kg	13	500	6500	0	0	0	0
5	Cost of procurement of Slurry/dung/waste	Tonnes	70	900	63000	66150	69460	72930	76576
6	Labour Cost	Per tonne	35	700	24500	25725	27011	28362	29780
7	Packing materials	No.	5000	2	10000	10500	11025	11576	12155

8	Other handling charges	Per tonne	35	150	5250	5512	5788	6077	6381
C	Other charges								
9	Insurance	L/S			0	0	0	0	0
10	Interest on loan	Per annum		2 per cent	3000	3000	3000	3000	3000
	Total recurring costs				112250	110887	116284	121945	127892
	Total cost - Capital and recurring				268250	110887	116284	121945	127892
D	Income from vermicomposting								
11	Sale of vermicompost	Tonnes	35	6000	210000	220500	231525	243100	255257
12	Sale of earthworm					6500	13000	13000	13000
13	Total revenue				210000	227000	244525	256100	268257
14	Net returns (C-B)				97750	116113	128241	134155	140365

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	156000	0	0	0	0	
Recurring cost	112250	110887	116284	121945	127892	589258
Total cost	268250	110887	116284	121945	127892	745258
Total benefits	210000	227000	244525	256100	268257	1205882
Net benefits	-58250	116113	128241	134155	140365	460624
Net present worth of cost @15 per cent	745258					
Net present worth of benefits @15 per cent	1205882					
Benefit Cost Ratio	1.62					

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 35 tonnes vermi-compost by all 13 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	156000	1,17,000	39,000
2	Total Recurring Cost	112250	0	112250
3	Trainings/ capacity building/skill up-gradation	50000	50000	0
	Total =	318250	167000	151250

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 Bhanti held on 06-10-21 at Pozesh that our 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).

Seema
Signature of Group Pradhan

आरती स्वयं सहायता समूह पनेज

(Signature)
Signature of Group Secretary

पंजीकरण सं०-०१ २०२०

ग्रामीण वन विकास समिति (V.F.D.S.) पनेश

ग्राम पंचायत गलोट, डाकघर पनेश, तहसील व जिला शिमला (हि० प्र०)

दूरभाष न०:- 94592-76267 (प्रधान), 97361-14714 (सचिव)

क्रमांक. 1.

दिनांक. 21-10-21.

Business Plan Approved by VFDS
Bharati SHG group will undertake the
vermi compost pit as livelihood income
generation activity under the project for
improvement of HR Forest ecosystem
management and livelihood (JICA Assisted)
in this regard business plan of Rs 318,250/-
has been submitted by this group on dated
21-10-21 and this business plan has been
approved by Panch VFDS.

Business plan with SHG resolution is
being submitted to DMU through FTV for
further action, please
Thank you

Rajendra Singh
Secy - VFDS - Panch

Rajendra Singh
President
Village Forest Development Society
Panch

K. S. S.
DFO-cum-DMU OFFICER
JICA FORESTRY Project
SHIMLA

Submitted to DMU through FTU

Vikram Chandra

Name & Signature of FTU Officer

Pratibha Sharma

Name & Signature of FTU Coordinator

Approved

Kanta

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