Techno-economic Study of Establishment of Chamois Leather Industry

Ani Sulistiorini, Ono Suparno and Yandra Arkeman
Department of Agroindustrial Technology, Faculty of Agricultural Engineering and Technology, Bogor Agricultural University (IPB), Darmaga Campus, PO Box 220 Bogor, West Java, Indonesia
E-mail: anisulistiorini@yahoo.com

ABSTRACT

Chamois leather is leather produced by the oil tanning. Nowadays, the need of domestic chamois leather is fulfilled by import. Import of chamois leather increases every year. In 2008, the import of chamois leather was 295,854 kg (US$ 2,090,554), while in 2009 it became 419,890 kg (US$ 2,609,916). High demand of domestic chamois leather indicates that chamois leather industry needs to be built in Indonesia. The objective of this study was to know the feasibility of chamois leather industry from many aspects. The aspects studied were technical and technological, market and marketing, management, financial, environment, and legality aspects. According to this study, chamois leather industry would be feasible to be built in Garut district with capacity of 734,400 pieces a year. The material used was goat skin by using rubber seed oil as a tanning agent. Investment criteria show that the net present value (NPV) was Rp 7,322,712,138; internal rate of return (IRR) was 25%; net benefit-cost ratio was 1.87; and payback period was 4 years and 3 months. The sensitivity analysis was calculated on the price of raw material, the selling price of chamois leather, and the exchange rate. The industry of chamois leather would become unfeasible if it meets the increasing of raw material price more than 15%, decreasing of selling market higher than 7%, and the decreasing of production capacity more than 21%. The exchange rate risk showed that the appreciation of Rupiah will increase profit, and the depreciation of Rupiah will decrease the profit. According to this study, it was feasible to establish the chamois leather industry in Garut district.

Keywords: chamois leather, goat skin, rubber seed oil, tanning, techno-economic