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Proceedings

The Second

International Conference on Green Agro-Industry (ICGAI)

“Resource Management for Sustainable Future”

Conference is held on 4 – 6 August 2015
hosted by Faculty of Agriculture, UPN “Veteran”
Yogyakarta, Indonesia

Proceedings

The Second
International Conference on Green Agro-Industry
(ICGAI)

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Preface

Bismilahirrahmanirrahim, Assalamu'alaikum wa rahmatulahi wa barokatuh.

Praise be to Allah who has bestowed His grace, so that the event can take place smoothly.

The Honourable Rector UPN "Veteran" Yogyakarta, The Honourable Head of Agriculture Office of Yogyakarta province, the Honourable invited speakers, Distinguished Guests, Distinguished Participants, Ladies and Gentlemen,

On behalf of The International Conference on Green Agro-Industry Organizing Committees, I am pleased and honoured to welcome all of the participants to the Second International Conference on Green Agro-Industry at Mustika Sheraton Hotel, Yogyakarta, Indonesia from 4-6 August 2015. This conference is hosted by the Faculty of Agriculture Universitas Pembangunan Nasional "Veteran", Yogyakarta, Indonesia and this event would not have been possible without the support of its global partners: Tokyo University of Agriculture and Technology, Japan, Murray State University, USA, Universiti Malaysia Sarawak, Malaysia, University of Colombo, Sri Lanka, University of Western Sydney, Australia, Royal Melbourne Institute of Technology, Australia, Tongji University, China, and Gadjah Mada University, Yogyakarta, Indonesia.

Ladies and gentlemen,

The theme of the Second International Conference on Green Agro-Industry is "Green Agro-Industry: Resource Management for Sustainable Future". Agro-industry is important not only because it can transform raw agricultural materials into value added products while generating income and employment, but it is important in the bigger picture because it contributes to the overall economic development in both developed and developing countries. In the context of trade, agro-industry provides significant impact to Indonesia's export. The government is targeting exports of the agro industry to grow up to 29% amounting to USD 40 billion this year, from USD 31 billion in 2014.

As we are all well aware, the resources available to support the development of agro-industry is not unlimited, therefore, it is crucial for us to manage the resources that we have carefully. Recently, there has been an increased pressure on agro-industries to shift to more resource-efficient and low-carbon production processes as part of the global efforts to sustain growth, conserve resources and slow down the pace of climate change. To provide a sustainable future, the development of agro-industry should not merely aim for high profit, but it should also be environmentally friendly and socially sustainable.

In furtherance of this ideal, this conference is organized with the hopes of achieving three things. First, it is held to foster and support the development of highly productive methods and technologies for the various segments of the agro-industries. Second, it is designed to provide a forum for the presentation, discussion and debate of state-of-the-art and emerging technologies in the field of agro-based industry and any issues related to sustainable agro-industry. Third it aims to promote interaction and communication among researchers, observers and practitioners to discuss and discover solutions to the problems related to the development of the agro-industry and how it can further improve welfare.

Topics of interest for the conference are divided into four major categories, namely: **Economics, Social and Business; Agronomy; Soil and Land Management; Agricultural engineering.** Our keynote speaker Prof. Lilik Soetiarso from Universitas Gadjah Mada, Yogyakarta, Indonesia will present a keynote speech entitled "*The Role of Bio-system Engineering in Green Agro-Industry*". Other invited speakers from a broad range of backgrounds including leading industry and academic experts will provide insights into sustainable agro-industry from various perspectives. In addition, the supporting papers from the participants will also enrich and liven the discussions related to the development of sustainable agro-industry.

On behalf of ICGAI Committee I would like to apologize that due to unforeseen circumstances three of our invited speakers: Assoc. Prof. Shiva Muthaly (RMIT University, Australia); Prof. (Rev). Wimalaratana (University of Colombo, Sri Lanka); and Assoc. Prof. Ping Fang (Tongji University, China) were unable to attend this conference. I am sorry for this inconvenience.

Finally, we would like to express our gratitude to the Rector UPN "Veteran", Yogyakarta for the financial support, the Dean of the Faculty of Agriculture for hosting this event, and the Scientific and Steering Committee. We would also like to convey our utmost gratitude to the keynote speaker Prof Lilik Soetiarso (Universitas Gadjah Mada, Yogyakarta), the invited speakers Prof. Sakae Shibusawa (Tokyo University of Agriculture and Technology, Japan, Mr. Marc Vanacht, MBA/ML (President, AG Business Consultants, St Louis, USA);, Mr. Jeewan Jyoti Bhagat (Managing Director-STM Projects Ltd, India); Dr. R.P. Singh (Associate Agronomist and Sugarcane Advisor for STM Projects Limited, Prof. Iin Handayani (Murray State University, USA); Dr. Partoyo (UPN "Veteran" Yogyakarta, Indonesia) as well as all the participants for their contribution in making this conference a success. We wish to also thank the sponsors of this event: PT. Bank BNI, Bank BPD, Bank BRI and Bupati Kabupaten Wonosobo, for their contribution in making this conference possible. Finally, as the Chairperson, I would like to convey my highest appreciation to the members of the organizing committee whose relentless hard work and dedication made this conference a great success.

Thank you and I wish everyone a fruitful and pleasant day ahead.

Wassalamu'alaikum wa rahmatulahi wa barokatuh

Yogyakarta, August 4, 2015

Dr. R.R. Rukmowati Brotodjojo

ICGAI Chairperson

Table of Contents

ICGAI Committees
Preface
Table of Contents

Keynote Speaker

1 The Role of Bio-System Engineering in Green Agro-Industry. (**Lilik Soetiarso -** Universitas Gadjah Mada, Yogyakarta, Indonesia) **K - 1**

Plenary Speakers:

1 Precision Farming in Sustainable Agro-Industry Concep. (**Sakae Shibusawa -** Tokyo University of Agriculture and Technology, Japan) **P-1**

2 Land Management to Support Sustainable Agro-Industry: Enhancing Soil Quality and Carbon Sequestration. (**Iin P. Handayani -** Murray State University, USA) **P-11**

3 Business Strategy for A Sustainable Agro-Industry. (**Marc Vanacht -** President, AG Bussiness Consultants, St Louis USA) **P-26**

4 "Developing Sustainable Sugarcane Industry in India"- Lessons Learnt (**J.J. Bhagat** - Managing Director-Stm Projects Ltd, India and **R.P. Singh** - Associate Agronomist and Sugarcane Advisor For Stm Projects Limited) **P-32**

5 Conservation Issues in Agricultural Areas in Dieng, Central Java and Implementation of Local Wisdom to Support Sustainable Agro-Industry (**Partoyo, Eko Amiadji Julianto, Muhammad Husain Kasim, Indah Widowati, Teguh Kismantoroadji -** UPN "Veteran" Yogyakarta, Indonesia**,** and **Sumino -** Institut Seni Indonesia) **P-45**

Economics Social and Bussiness

1 Feasibility Study of Tuber Flour Factory Using in Pack Curing or Modified Tuber Flour (Motuf) to Support Food Diversification **(C. E. Susilawati, E. Supriharyanti, L. A. Siswanto, D. Maria, and I. Epriliati)** 1

2 Developing Agro-Industry Region with Traditional Woven Fabric Basis **(Nurindah)** 12

3 Empowering Women on Indonesia Tea Plantation Through Strengthening The Role of Tea Small Holder Institution (A Case Study on Mulyawangi I Tea Farmer Group, Bandung – West Java, Indonesia) **(Kralawi Sita)** 19

4 Policies Recommendations to Safe Indonesian Tea Plantation **(Rohayati Suprihatini)** 27

5 An Analysis of Value Added on The Integrated Agriculture System in Aceh Besar District (**Suyanti Kasimin**) 35

7 Strategic Management Perspective on Sustainable Certification to Palm Oil Plantation Based Corporations Sustainability as Source of Competitive Advantage and Basis for Corporate Advantage **(Zulkifli)** 46

8 Perceived Environmental Responsibility, Man Nature Orientation, Enviromental Knowledge and Environmental Attitude Toward Mangrove Conservation Decision **(Yuni Istanto and Dyah Sugandini)** 56

9 Analysis of Integrated Farming System Patterns **(Siti Hamidah and Vandrias Dewantoro)** 62

10 Integrated Precision Farming (IPF) as A Future Technology for Performance Monitoring “Back to Organic Matter Program” at PT. Perkebunan Nusantara X (Case in Development Area of Tuban Bojonegoro) **(Cahyo Hadi Prayogo and Suhadi)** 67

Agronomy

1 Effects of Forest Strips in Forest Clearings for Oil Palm Agro Industry: Quantifying Species Richness of Bats at Small Holdings in Sungai Asap, Belaga, Sarawak, East Malaysia **(Charlie Justin Mergie Laman, Lyhmer Jack, Mathew Jenang, And Andrew Alek Tuen)** 74

2	The Effect of Maintenance Leaf Layers Number and Foliar Fertilizer on Growth and Leaf Production of Tea Plant (*Camellia Sinensis* (L.) Kuntze) **(O. Sucherman, Salwa L. Dalimoenthe)**	85
3	The Impact of Climate Change on Adjustment Tea Plantation Management in Indonesia **(Salwa L. Dalimoenthe)**	94
4	Growth Response of *Aloe Vera* Plants to Treatment Combination of KCl Fertilizer and Compost of Empty Fruit Bunches of Oil Palm **(Marulak Simarmata, Entang Inoriah and Novi Istanto)**	103
5	Effect of Steaming Time to The Physical and Nutritional Quality of Parboiled Organic Rice **(Sri Wuryani and Oktavia Sarhesti Padmini)**	111
6	Acute Toxicity Test of Granular Organic Fertilizer Enriched with Neem Leaves Powder to Common Carp *Cyprinus Carpio* Linn. **(R.R. Rukmowati Brotodjojo and Dyah Arbiwati)**	118
7	Efficacy of Various Insecticides for Controlling Plant Hopper on Paddy (**Mofit Eko Poerwanto and Siwi Hardiastuti**)	123
8	Application of Liquid Organic Fertilizer Production Plant to Increase Cayenne Pepper (*Capsicum sp*) at Different Growing Media (**Endah Wahyurini and Heti Herastuti)**	129
9	The Assessment of Superior Mutant Wheat M4 Generation Which are Tolerant to The Drought Stress in The Lowland (**Budyastuti Pringgohandoko)**	137
10	Mapping of NPK in Soil for Precision Agriculture Application on Rice Plant (**OS Padmini, Sari Virgawati, and Mofit Eko Poerwanto**)	146
11	Exploration and Isolation Bacteria from Rhizosphere of High Temperature Tolerance Mutan Wheat (**Yanisworo Wijaya Ratih, Budyastuti Pringgo Handoko, and Endah Budi Irawati**)	153
12	Hands of God in Enhancing Bioethanol Implementation Through Pricing Policy (**Ariel Hidayat**)	162

Soil and Land Management

1	The Fertility Fluctuation of Tea Planting Area from Three Soil Orders on West Java **(R. Wulansari and E. Pranoto)**	172

2 Improving Nutrient Retention of Highly Weathered Tropical Soils With Biochars **(Arnoldus Klau Berek and Nguyen V. Hue)** 182

3 The Effects of Fresh Organic Waste Amendments on Pineapple (*Ananas Comosus*) in Ultisol, Lampung, Indonesia **(Susila Herlambang)** 196

4 Powerful Factors in Directing Diversity of Coloring Soils Overlying Carbonate Rock of Baron-Wonosari (**Djoko Mulyanto and Bambang Hendro Sunarminto**) 204

Agriculture Engineering

1 The Quality and Acceptability of Bakasi Eel (Anguila) Cookies **(Wilma C. Giango)** 211

2 Partial Biochemical Characterization of Egg Masses of The Wedge Seahare *Dolabella Auricularia* (Lightfoot, 1786) **(Gloria G. Delan, Ador Rivera Pepito, Manabu Asakawa, Kaori Yasui, Venerando D. Cunado, Aurelia G. Maningo, Amalia A. Gonzales, and Rachel Luz V. Rica)** 218

3 Isolation of Hydrogen Producing Bacteria from Sludge of Anaerobic Biogas Reactor **(Mahreni, Yanisworo Wijaya Ratih, Siti Diyar Kholisoh, and Harso Pawignyo)** 228

4 Comparison of Green Technology to Produce Tuber Flour Using in Pack Curing Versus Parboiling-Fermenting-Modified Tuber Flour (MoTuF) (**Indah Epriliati, Lorensia Audrey Siswanto, Devina Maria, Indah Kuswardani**) 235

5 Ergonomic Design of Grass Chopper Machine for Working System Imrovement (**Dyah Rachmawati Lucitasari and Dwi Susilo Utomo**) 249

Any Other Topics related to Agro-Industry

1 Effect of Pome and Sludge Ratio on Acclimation Process of Biogas Production from Palm Oil Mill Effluent **(Sarono, Yana Sukaryana, Yatim R Widodo, and Udin Hasanudin)** 254

Category Poster

1 Prospect of Develope Chrysanthemum Farming **(Siti Hamidah and Indah Widowati)** 263

2 An Analysis on The Effects of Internal and External Factors Towards Public Participation in Community Forest Establishment (A Case Study on Sedyo Raharjo Farmers Group Purworejo Regency) **(Teguh Santoso, Nanik Dara Senjawati and Juarini)** 267

3 Quality Assessment on Four Genotypes of Sweet Sorghum Sap With Dosage Variations of *Arbuscular Mycorrhizae* and Husk Charcoal as Biological Fertilizer and Soil Conditioner for Bioethanol **(Rati Riyati and Nurngaini)** 273

4 Study of Microbial Community of Oil Palm Rhizosphres Infected by *Ganoderma* Sp. and Their Potency in Green Oil Palm Industry (**Happy Widiastuti)** 280

5 Efficacy of Herbicides with The Active Ingredient Penoxulan + Bentazone to Control Weeds in Rice Field **(Abdul Rizal AZ and Dyah Arbiwati)** 285

6 Production Capability of Hybrid Rice and Non Hybrid Rice Which Facing Irrigation Poluted by Sewage Spiritus Plant **(Sugeng Priyanto and Wahyu Widodo)** 293

7 Selection of Parent's Jackfruit Tree in Sleman District to Improve Quality of National Jackfruit (*Artocarpus Integra Merr.*) **(Basuki and Suyanto Zainal Arifin)** 299

8 Effect of Soil Moisture Against Infection of *Enthomopathogenic* Fungi on White Grub **(Tri Harjaka, Edhi Martono, Witjaksono, and Bambang Hendro Sunarminto)** 307

9 Goat Milk Ice Cream Processing in Argoyuwono Village, Malang (**Aniswatul Khamidah and SS. Antarlina**) 312

The Second International Conference on Green Agro-Industry: Questions and Answers 323

Participants of The Second International Conference on Green Agro-Industry (ICGAI 2) Yogyakarta, Indonesia 4-6 August 2015 326

Acknowledgement 337

FEASIBILITY STUDY OF TUBER FLOUR FACTORY USING IN PACK CURING OR MODIFIED TUBER FLOUR (MOTUF) TO SUPPORT FOOD DIVERSIFICATION

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ABSTRACT

Recently, modified cassava flour has been successfully commercialized. On the other hand, other tubers such as Canna, arrowroot, and Dioscorea sp. are still underutilized. Several researchers had developed final products including noodle, muffin, bread, keroopok, etc. Such food products require steady tuber flour supplies by which flour factory plays important roles. The study aimed at investigating the feasibility of producing tuber flour from Canna, Dioscorea sp., arrowroot, and cassava tubers either using in pack curing in a polypropylene bag plus lime stone and then ground or parboiling-fermenting fresh tuber using Rhizopus sp. and lactic acid bacteria "Bimo". Experiments were run in a nested experimental design for developing technologies at laboratory scales followed by plant design based on the laboratory data analyzed using a linear method to determining Break Event Point (BEP). Results showed that fully mechanized factory was not feasible. The flour yields reached ca 20% limited to arrowroot and cassava tubers whereas *Dioscorea hispida*, canna, purple *Dioscorea alata*, and *Dioscorea esculenta* L. ranged from 5.47 to 8.76%. The economic analyses showed that BEP would be feasible when the production capacity were 19,000-40,000 kg of flour per year for all tubers either using in pack curing or MoTuF technology. Therefore, the factory should processes ≥263 kg of tubers a day and its selling cost at IDR 31,514–63,000/kg is much higher compared to that of currently available flour in the market. Building a proper agro-industrial infrastructure would succeed food diversification programs. In 2012 the demands of tuber flour in East Java Province were 1,310,944.458 tons and supplies are only 691,981.748 tons/year. Bangkalan with tuber productivity of 75.986 tons is one of potential suppliers to be. In conclusion, it is recommended to establish on farm tuber factory in Bangkalan to improve supply chain for tuber products and to support diversification program.

Keywords: feasibility of tuber flour factory, break event point, in pack curing, modified tuber flour

INTRODUCTION

Food security is one of strategic points, which has long term impact on livelihood and societal development. It is indicated by adequate level of food accessibility and availability both quantitatively and qualitatively for the society members. Food processing and technology facilitates tools to secure the food adequacy for the society needs.

Efforts to develop food technology are necessarily complementary with economic feasibility analyses in order to determine effectiveness and efficiency of the technology being developed when the technology finally adopted for commercialization. Moreover, small and medium scale enterprises in Indonesia nowadays need supports on feasibility data of its factory or entity while it is running in the global economic issues, especially those working on food productions.

The development of food technology and processing either developing food raw materials or processed foods both producing intermediate and final products, provides prosperous businesses. This is because foods are human basic needs partly to gain well being and welfare. Currently, industry which processes agricultural produces, in particular food commodities, growing fast and making money well from economic added values to fulfil the demands in markets. In addition, the changes of life style in current era are concomitant with the increased buying power of the society.

A success story of cassava conservation into a commodity with bright added values through modified cassava flour (MoCaF) technology suggests the important role of food processing and technology in improving society welfare. Publications on MoCaF are continuously growing and proving that the flour is comparable to wheat flour in bakery and manufacturing various food products for food diversifications. There are many other types of tubers still kept being cultivated by farmers in Indonesia but these tubers have not been optimally utilized. In facts, there have been a lot of research developing such tubers into food products including noodle, muffin, bread/bakery, keroopok, by which stable tuber flour supplies are critically required. Hence, producers of flours other than cassava flour play important roles to fulfil the flour demand in order to support such food diversification. Data show that demands of the tuber flours in East Java Province reach 1,310,944.458 tons yet only supplied in the market around 691,981.748 tons/year. Bangkalan Town, where the research location is, has tuber productivity about 75,986 tons is one of potential flour suppliers required to support food diversification.

Prospective alternative technology proposed in the present study is in pack curing technology and modified tuber flour (MoTuF). The tuber flour then called MoTuF to distinguish it from MoCaF, which is recently well established and commercialized in a better standardized production system. The present research is aiming at conducting a feasibility study if the MoTuF and in pack curing technologies are established industrially. The selected tuber types are canna, arrowroot, and Dioscorea sp tubers.

Simulation of laboratory works using MoCaF

The laboratory works for MoCaF were using 2 kg of peel free sliced-cassava tubers fermented by *Rhizopus oryzae* FNCC 6011. Machines used were home industry scales at Food Processing Laboratory, Widya Mandala Surabaya Catholic University. All costs were calculated at cost/on bill of the experiments and were simulated for a factory plan working at production capacity of 650 kg of unpeeled Adira cassava tubers employed 20 employees, working 8 hours/day established in Ponorogo Town, East Java. The plant is a full mechanized operating production system using peeling machine, parboiling tank, washer, slicer, drier, and packing machines. The laboratory works showed final flour yield was 19.07% of peeled tubers for the best parboiling time. Any legal aspects involved in the setting up of the factory follow Indonesian government regulation including wage system, taxes, labour protections, and environmental safety aspects.

The factory plan was studied for BEP and Minimum Attractive Rate of Return (MARR) methods and complementary return rate and payout period calculated according to Peter & Timmerhaus (1991). BEP is an analytical method to estimate minimum production with lower risk of bankruptcy. In the present research, BEP is calculated using equation developed by Peter & Timmerhaus (1991): BEP = (FC-0.3SVC)/(SC-0.7SVC-VC)*

Additional parameters to determine how the plant's performance would be are (1) MARR= interest rate + risk factor, (2) Pay out Period = [TCI/(depreciation + net profits)] x 1 year, and (3) Rate of Return = (net profits/TCI) x100%.

Following data of economic analyses are for the simulation of MoCaF factory which is producing product unit of 5 kg flour/pack.

Fixed Capital Investment/FCI

1. Direct Cost/DC: machine and equipments, installation, building and land, other facilities and services IDR 1,623,232,875.
2. Indirect Cost/IC: technicians, supervision, and construction IDR 168,601,125

FCI=DC+IC+contractor cost (3%)+safety factor (10%) = IDR 2,024,772,420

Working Capital Investment/WCI: raw materials, packing materials, utility, safety factor (5%) per month = IDR 76,878,428.12

Total Capital Investment/TCI

TCI = FCI + WCI
= IDR 2,024,772,420.00 + 76,878,428.12
= IDR 2,101,650,848.12

Manufacturing Cost/MC

1. Direct Production Cost/DPC: raw materials, packing materials, labours, utility, maintenance = IDR 1,130,560,914.78
2. Fixed Cost/FC for production: depreciation 10% of machines, 5% of building, and 1% of FCI for insurance = IDR 95,452,474.00
3. Plant Overhead Cost = 50% (labours + maintenance)

= 50% (IDR 396,000,000.00 + 60,355,899.00) = IDR 228,177,949.50

MC = DPC + FC + POC
= IDR 1,130,560,914.78 + 95,452,474.00+ 228,177,949.50
= IDR 1,454,384,975.28

General Expense/GE: administration and distribution/marketing = 5% TPC

* FC=Fixed Cost, SVC=Semi variable cost, VC=variable cost, SC=Selling price per unit

= IDR 76,546,577.65

Total Production Cost/TPC

TPC= MC + GE= IDR 1,530,931,522.93

Product sale cost: 21 units/day x 6552 units x 0.85 sold x IDR 315,000

=IDR 1,754,235,000

Economic analysis using BEP linear method

sale cost/year = IDR 1,754,235,000.00

total production cost/year = IDR 167,845,204.80

gross profits/year = IDR 1,586,389,795.20

Tax (Indonesian Tax Directorate General, 2010): 25% x IDR 1,586,389,795.20

= IDR 396,597,448.80

net profits/year = gross profits – taxes = IDR 1,586,389,795.20–396,597,448.80

= IDR 1,189,792,346.40

Break Event Point /BEP

1. Fixed Cost /FC = IDR 94,847,383.00
2. Semi Variable Cost /SVC: employees, maintenance, POC, GE, supplies = IDR 767,542,017.01
3. Variable Cost /VC: raw materials, packing materials, utility = IDR 667,743,424.92

$$\text{BEP} = \frac{\text{FC}+0.3\ \text{SVC}}{\text{SC}-0.7\text{SVC}-\text{VC}} \cdot 100\%$$

$$= \frac{94{,}847{,}383.00 + 0.3(767{,}542{,}017.01)}{1{,}754{,}235{,}000.00 - 0.7(767{,}542{,}017.01) - 667{,}743{,}424.92}\ x\ 100\%$$

$$= 59.20\ \%$$

After tax Rate of Return/ROR = (net profits/TCI) x100%

$$= \frac{\text{IDR } 1{,}189{,}792{,}346.40}{\text{IDR } 2{,}024{,}772{,}420.00}\ x\ 100\% \ = 58.76\%$$

To justify acceptable ROR is using MARR to indicate that the investment is more prosperous than depositing them in a bank.

MARR

Bank free risk rate = 7.4% (Mandiri Bank, 2014)

Risk factor = 10%

MARR= interest rate + risk factor = 17.4%

The ROR is much higher than MARR value indicating that the investment would be more beneficial when it is used to invest in the plant.

After tax Payout Period/POP

= [TCI/(depreciation + net profits)] x 1 year

$$= \frac{\text{IDR } 2{,}024{,}772{,}420.00}{\text{IDR } 75{,}204{,}750 + 1{,}189{,}792{,}346.40} \times 1 \text{ year}$$

= 1.60 ~ 1 year 7 months 6 days

BEP of 59.20% means that production capacity of Adira MoCaF would be giving equal total expenses to sale cost when the factory is run at 0.5920 x 650 kg of raw materials/processing cycle =365 kg of peeled cassava per day or equal to 608.33 kg of unpeeled cassava (depending on edible portion and moisture contents, for the best condition it is 263 kg of tubers/day) and the MoCaF should be sold at price of IDR 63,000/kg of flour. Nevertheless, it can reach payback time all investment if the factory is operating for 1.60 year or 1 year 7 months 6 days.

Simulation of laboratory works using MoTuF and In Pack Curing

The simulation was based on laboratory works using 2 kg of tubers for all selected tubers (Dioscorea sp tubers, canna, and arrowroots) carried out at Food and Nutrition Research Centre and Food Processing Laboratory, Widya Mandala Surabaya Catholic University. The works applied a full mechanized production hiring three workers for washing and operating the machines. All machines are home industry scales. Based on the data a factory plan is set up in period term of 5 years to see how the operating plant predicted using BEP and NPV analyses for a more general factory establishment. Data laboratory showed efficiency of the yield was 4.04-18.83% of unpeeled tubers for MoTuF and 5.47-20.91% for in pack curing. The profiles of canna and Dioscore sp tubers were similar so they are grouped into the same calculation columns. The highest yield is for arrowroot, i.e. 12.72-23.14% and 17.14-20.91% for MoTuF and in pack curing, respectively. The yield is used as calculation basis in the simulation.

Production cost is an important parameter because the total amount of production costs will economically determine the economical values of the products. The higher the costs should be spent, the higher is the economic value of the products. The increased production cost certainly affects profitability and incomes which can be achieved by the entity/company. COGS (Cost of Goods Sold) approach is used for considering production cost structures. COGS is calculated using a full costing method because this method accounts all aspects involved in production costs as well as nonproduction cost. Finally, COGS is one of information required for determination of selling cost of the products.

In the present research COGS is applied to determine selling cost of the flours produced either using in pack curing technology or MoTuF. The selling cost comprises of 85% of COGS plus selling margin at 15%. The basis of margin is general bank interest of credits in 2014. Thus, if farmers take bank loan then the selected margin already covers up the responsibility to pay the loan when the products have been sold out.

The evaluation of economical feasibility in the present research is done in consideration of economic added values would be obtained if famers sell tuber flours instead of unprocessed tubers. The evaluation is indicated by feasibility parameters of Payback Period and Net Present Value (NPV). Payback period is useful in estimating time for farmers to get the equal values of investment invested in the past (beginning of the project). NPV gives information of investment feasibility in the project of conserving tubers into tuber flours. Any costs considered in the evaluation of enterprises feasibility are categorized into cash flow at the beginning of the project and ongoing cash flow (Ross, Westerfield & Jaffe, 2003).

Initial Cash Flow

Initial cash flow is the first investment cost spent at the beginning of project. The cash flow meant in the present research is any expenses to prepare facilities for processing the tubers into tuber flour ultimately building, machinery and equipment, as well as any expenses for long term uses. The expenses include facilities for production of MoTuF and tuber flour from tubers treated with in pack curing technology (Table 1).

Operational Cash Flow

Operational cost is defined as any relevant costs which directly involve in tuber processing into tuber flours. The operational costs of MoTuF and application of in pack curing prior to milling processes of the selected tubers in the present research for Arrowroot and canna/Dioscorea sp tubers are displayed in the Table 2. Based on COGS and a margin of 15%, the price of arrowroot flour is IDR 36,300/kg and canna/Dioscorea sp flour IDR 71,400/kg. The results are presented in Table 3 assuming 100 kg of tubers are processed working for 100 days/year due to seasonal period, fully mechanized plant, and employed 8 workers.

Table 1: Initial Cash Flow for MoTuF and in pack curing technology

Item	values (IDR x 1000)	
	MoTuF	in pack curing
Building and its accessories	2,500	110,000
Machines and equipments, economic utility ≥5 years	855,000	718,600
Machines and equipments, economic utility ≤3 years	9,900	21,775

Based on Table 3, it implies that tuber processing into tuber flour using five selected tubers in the present research would achieve BEP using MoTuF method when the factory produces minimum 38,381 kg of arrowroot flour or 19,055 kg of canna/Dioscorea flour per year. Table 4 tells us that the factory producing tuber flour using MoTuF method would be at its BEP when the factory produces at least 40,087 kg of arrowroot flour or 19,315 kg of canna/Dioscorea sp tuber flours.

Table 2: Cost Production

Cost Items	Cost (IDR x 1000)	
	Arrowroot	Canna/Dioscorea
Direct cost		
Raw materials (arrowroot): (100 kg/0.2) x IDR 5,000 x 100 days	250,000	
Raw materials canna/Dioscorea: (100 kg/0.09) x IDR 5,000 x 100 days		555,550
Labour (5 x IDR 2,700,000 x 3 months)	40,500	40,500
Total	290,500	596,050
Indirect cost		
Utility: water and electricity (IDR 200,000 x 3 months)	600	600
Permanent employees (3 x IDR 2,700,000 x 3 months)	24,300	24,300
Total	24,900	24,900
COGS	315,400	620,950
COGS per kg		
Arrowroot: (IDR 325,400,000/(100 kg x 100 days)	31.514/kg	
Canna/Dioscorea: (IDR 620,950/(100 kg x 100 days)		62.095/kg
Selling price with 15% margin	36.300/kg	71.400/kg

Table 3: BEP for MoTuF technology

Components	Calculation (x 1000)	Cost (x 1000)	
		arrowroot	canna/Dioscorea
FC	IDR (110,000+855.000)/5 years	171,022/year	171.022/year
SVC	IDR 9,900/3 year/(100 kg x 100 days)	0.330/kg	0.330/kg
VC	IDR 315,400/(100 kg x 100 days)	31.514/kg	
	IDR 620,950/(100 kg x100 days)		62.095/kg
SC		36.300/kg	71.400/kg
BEP (kg)	171,022/(36.300-0.330-31.514)	38.381	
	171,022/(71.400-0.330-62.095)		19.055

Table 4: BEP metode in pack curing

Components	Calculation (x 1000)	Cost (x1000)	
		arrowroot	canna/Dioscorea
FC	IDR (110,000+718,600)/5 years	165,720/year	165,720/year
SVC	IDR 21,775/3 years/(100 kg x 100 days)	0.725/kg	0.725/kg
VC	IDR 315,400/(100 kg x 100 days)	31.514/kg	
	IDR 620,950/(100 kg x 100 days)		62.095/kg
SC		36.300/kg	71.400/kg
BEP (kg)	165,720/(36.300-0.725-31.514)	40.807	
	165,720/(71.400-0.725-62.095)		19.315

Feasibility study using Net Present Value (NPV)

Determination of feasibility of a project can be done using NPV method. This method calculates the present value of cash flows in and out. In the present research cash flow is calculated based on the initial cash flow (at the beginning of the project) and operating cash flow. The procedure of determination of the NPV is following steps.

1. Determining initial cash flow, in the present research using data from tables above.
2. Determining cash flow of operating project, which considers periodical cash streams taking place in each production period. In the present research, the operating cash flow is calculated based on differences between sale costs and manufacturing costs.

If production capacity is 100 kg of tubers per day and the factory works for 100 days/year, operating cash flow would be:

a. arrowroot

(IDR 36,300 x 100 kg x 100 days)–(IDR 31,514 x 100 kg x 100 days)

= IDR 47,860,000

b. canna/Dioscorea sp

(IDR 71,400 x100 kg x 100 days)-(IDR 62,095 x 100 kg x 100 days)

= IDR 93,050,000

If sale cost increases by 5%/year, estimation of annual operating cash flow can be studied in Table 5 and 6 for MoTuF and flour treated with in pack curing from arrowroot and canna/Dioscrea sp, respectively. A factory/business is categorized as feasible to operate when its operation results in positive values of NPV i.e. cash inflow is higher than cash outflow at certain time intervals (in the present research is 5 years).

NPV can be calculated using the following equation: $\text{NPV}^{\dagger} = \sum_{t=1}^{n} \frac{NCF}{(1+i)^t}$

Observing data in Table 5, it can be seen that NPV is IDR (-732,402,506) for arrowroots. Interpretation of this data is that investment values on buildings and machineries is very high compared to the net incomes obtained. Therefore, the plant design targeted as fully mechanized for producing MoTuF is not feasible.

Table 6: Cash flow of factory producing MoTuF from canna/Dioscorea sp tubers

Components	values (IDR x 1000)				
	year 0	1	2	3	5
Initial CF	(974,900)	-	-	(9,900)	
Operating CF	93,050	107,007.50	112,357.875	17,975.769	130,068.285
Net CF	(881,850)	107,007.50	112,357.875	08,075.769	130,068.285
NPV			(497,287.127)		

Similarly, the NPV for MoTuF method and the factory designed as a fully mechanized plant processes canna/Dioscorea sp tubers is IDR (-497,287,127) as shown in Table 6

† NCF: net cash flow, *i*: Discount rate, in the present research it is 15% in line with current interest rate of bank loans and n is working periods.

indicating that investment values for building and machinery/equipments is much higher than net profits obtained. Hence, the production of MoTuF for canna is not feasible in such plant design.

The NPV obtained for arrowroot and canna/Dioscorea sp flour using in pack curing method is IDR (-593,910,511) and IDR (-358,795,132), respectively (Table 7 and 8). Hence, the plant design to produce arrowroot flour using in pack curing method which is fully mechanized/equipment is not feasible to be operated.

Table 7: Cash flow of factory producing arrowroot flour in Pack Curing method

components	values (IDR x 1000)				
	year 0	1	2	3	5
Initial CF	(828,600)			(21,775)	
Operating CF	47,860	55,039	57,790.950	60,680.498	66,900.248
Net CF	(780,740)	55,039	57,790.950	38,905.498	66,900.248
NPV			(593,910.511)		

Table 8: Cash flows of factory producing canna/Dioscorea flours using in Pack Curing

Components	values (IDR x 1000)				
	year 0	1	2	3	5
Initial CF	(828,600)			(21,775)	
Operating CF	93,050	107,007.50	112,357.875	117,975.769	130,068.285
Net CF	(735,550)	107,007.50	112,357.875	96,200.769	130,068.285
NPV			(358,795.132)		

Nevertheless, in pack curing method has less initial cash flow IDR -828,600,000 than MoTuF (IDR -974,900,000) but higher than NPVs for all MoTuF.

Evaluation of plant design feasibility

Overall data resulted from analyses in the present research is shown in Table 9 informing us that the economical feasibility of business unit involving fully mechanized plant design either for MoTuF or in pack curing quite comparable for canna/Dioscorea as well as for arrowroot. Arrowroot requires higher production capacity (38,381-40,087 kg of flour) than canna/Dioscorea sp (ca 19,500 kg flour).

Data analyses for arrowroot using either MoTuF or in pack curing to produce tuber flours result in COGS as much as IDR 31,514/kg. Thus, to obtain 1 kg arrowroot flour it costs IDR 31,514. Meanwhile, canna/Dioscorea sp tubers cost IDR 62,095. The difference of COGS is because conversion ratio of tuber to flour for canna/Dioscorea sp tubers is very small, i.e. maximum 0.09 kg flour/kg tubers. On the other hand, arrowroot could produce 0.2 kg flour/kg tubers. The conversion ratio is empiric data.

Analyses of BEP for MoTuF method show that the MoTuF factory processes arrowroot at least producing 38,381 kg of flour/year in order to stay profitable whereas canna/Dioscorea sp tubers minimum production should be 19,055 kg of flour/year. These estimations are quite similar to those of in pack curing method where minimum production is 40,087 kg of flour/year for arrowroot and 19,315 kg of flour/year for canna/Dioscorea sp tubers. More interestingly, the numbers for canna/Dioscorea flours are comparable to equivalence flours should be obtained from cassava (MoCaF) in the present research, i.e. ca 20,743 kg of flour/year.

Table 9: COGS, BEP and NPV for arrowroot and canna/Dioscorea sp flour manufacturing

Methods	values					
	arrowroot			canna/Dioscorea		
	COGS (IDR/kg)	BEP (kg)	NPV	COGS (IDR/kg)	BEP (kg)	NPV
MoTuF	31,514	38,381	(732,402,506)	62,095	19,055	(497,287,127)
In pack curing	31,514	40,087	(593,910,511)	62,095	19,315	(358,795,132)

Data analyses use NPV method both for arrowroot or canna/Dioscorea sp tuber processing implementing MoTuF or in pack curing technology indicate negative NPVs. This suggests that investment taken for the plant for 5 years would have not been giving any financial profits. It is recommended to reduce the initial investment load (semi-mechanized production system) and to increase production capacity of the plant desired (for instance, instead of 100 kg of flour/day it is preferred 130 kg of flour/day equal to 650 kg tubers/day).

CONCLUSION

The feasibility evaluation towards business planning of tuber flour has been done through research and simulation based on empirical works for Adira cassava, arrowroot, canna tubers, and Dioscorea sp. tubers. The first simulation is using Adira cassava to evaluate MoCaF as a more established commodity and also a success story for tuber flour developed. The simulation shows that production capacity of ca 650 kg unpeeled cassava fully mechanized (washing/cutting/drying/grinding/sieving/packing) is hardly feasible with very high sale cost (IDR 63,000/kg of MoCaF). Similarly, simulation using different economic evaluation results in canna/Dioscorea sp tubers sale cost of IDR 71,400/kg and for arrowroot IDR 36,300 with 15% margin applied for MoTuF and in pack curing, respectively. This means that production costs are IDR 31,514/kg and 62,095/kg. Evaluation of feasibility based on BEP for operating term 5 years if the factory processes the tubers according to MoTuF technology show that minimum production capacity is 38,381 kg of flour/year and 19,055 kg of flour/year for arrowroot and canna/Dioscorea sp. tubers, respectively. Meanwhile, it has minimum production for in pack curing using canna/Dioscorea sp tubers and arrowroot of 19,315 kg flour/year and 40,087 kg of flour/year, respectively. Only canna/Dioscorea sp production is comparable to that of MoCaF (ca 20,743 kg of flour/year). Such simulation yet gives negative NPVs because estimated cash inflow is lower than cash outflow so that the factory is not feasible to be operated in a fully mechanized factory both using in pack curing and MoTuF. It means that there would be no financial profits for 5 years operation, except for MoCaF with payout of period 1.6 years and production capacity of 650 kg tubers/day. The reason is more likely that cassava flour has been well applied in various industries. Re-evaluation of the investment is recommended in particular to change the factory into a semi-mechanized design. Laboratory simulation using Adira cassava found that the most expensive cost is electricity load for cabinet drying and water if wet lactic acid bacterial fermentation preferred. There still an opportunity to apply the technology to support food diversification program and ultimately to improve food quality, convenience, and to secure food supplies for canna/Dioscorea sp tubers. To improve the factory performance it is recommended that production capacity of the factory should be increased when farmers capable of cultivating the tubers in higher productivity scales, or to run factory in a semi-mechanized way.

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