

**FEASIBILITY STUDY OF ESSENTIAL OIL PLANT
IN KOTA SOLOK**

FINAL PROJECT

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ABSTRACT

Indonesia is included in the top ten countries producing essential oils in the world. Out of the various types of plants that produce essential oils, one of them is lemongrass. One of many areas that producing essential oils of lemongrass (citronella oil) is Kota Solok. Citronella oil is the superior product of Kota Solok according to Peraturan Walikota No 39 Tahun 2009. Every year, plantations of lemongrass increase. It makes the production of lemongrass also increases. With production costs that are not so high, the citronella oil business is considered profitable and can improve the economy of Kota Solok.

Citronella oil also has derivative products that are useful for adding value to the essential oil business. However, the processing process has not been integrated because it is processed by different SME. So it is necessary to have SME centers that can manage the production of essential oils and their derivative products. This is also supported by the large market potential of essential oils in Indonesia and abroad. But the government is still not sure whether the development of the SME center will generate profits and improve the regional economy or not. Therefore a feasibility study is conducted to find out whether the SME centers are feasible or not.

This feasibility study is based on preliminary studies and literature studies that have been carried out. Then the data and information from this study were collected and carried out for data processing. The data collected is based on data that will be processed in the data processing. The data processing is carried out on all aspects of the feasibility study to find out whether the SME centers are feasible or not. Based on the analysis of the 6 feasibility aspects namely market and marketing aspects, technical and technological aspects, management aspects, financial aspects, legal aspects and environmental aspects, it is concluded that the development of SME centers is feasible to run.

Keywords: essential oil, feasibility study, SME centers