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Application of the Hamdi Method Using the Gold Value and Gold Index Methods on the Financial Aspects of Oil Palm Plantation Business in Kampar Indonesia

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ABSTRACT

Manuscript type: Research paper
Introduction/Main Objectives: This study aims to test whether the assessment of the business feasibility study with the Hamdi method consisting of Gold Value Method (GVM) and Gold Index (GI) gives the same decision results as the assessment using the conventional method consisting of Net Present Value (NPV) and Profitability Index (PI). This research tries to test Mr. Zulkifli's oil palm plantation business plan in Kampar Riau. The results of this assessment will be useful as a consideration in making business development decisions. **Background Problems:** NPV is not used is the prohibition of interest, which is applied in both Islam and Christianity. Riba or riba refers to the charging of interest at any level, whereas modern beliefs impose interest at an unfair and disproportionate rate and develop in parallel with the periodic interest gain. **Novelty:** The Hamdi method presents a viable option for assessing the feasibility of a business from a financial perspective and contributes to the calculation methods that exist in this domain. **Research Methods:** This study uses descriptive and quantitative analysis of the feasibility of Mr. Zulkifli's oil palm plantation business, which is assessed based on conventional and sharia aspects. The feasibility analysis assessment is based on the conventional perspective, namely NPV, and PI. The feasibility assessment is based on Hamdi's Method, namely the GVM and the GI Method. **Finding/Results:** The findings show that the results of the feasibility decision using GVM are in line with the NPV calculation, and the results of the feasibility decision using GI are in line with the PI calculation. **Conclusion:** Hamdi's method is feasible for assessing the feasibility of a business from a financial aspect. **Research limitation/implications:** Hamdi's method is still not well-known and needs to be introduced to other researchers.

1. Introduction

The potential of oil palm plantations in the Kampar Regency is quite large (Diniaty et al., 2024). Apart from the successes that have been achieved, the current and future challenges of plantation development are felt to need attention (Syarif et al., 2023). Therefore, a strategy must be formulated to develop the competitiveness of Indonesia's palm oil by improving quality, upstream and downstream production, and adding and improving infrastructure (Purnomo et al., 2020).

It is necessary to conduct a study to give an overview of the competitiveness of palm oil in the international market and to produce an action plan for better development of palm oil commodities in the Kampar Regency (Erwinda et al., 2021). To open oil palm plantation land, it is necessary to analyze a business feasibility study. One of the popular analyses is the Net Present Value (NPV) (Abdelhady, 2021). NPV, or Net Present Value, is defined as the combination of a present value obtained from cash inflows (revenue) and cash outflows (expenses) in a given period (Magni & Marchioni, 2020). NPV can be shown as the difference between the amount of cash inflow discount and cash outflow (Liu, 2022). According to the NPV investment profitability assessment method, current cash flow is more valuable than future cash flow because it can be invested, become more profitable, and provide more profits, although it may not be able to determine cash flow in the future (Sokolov, 2024).

NPV is a form of feasibility study whose goal includes decision-making in an uncertain future (Sokolov, 2024). In the case of project uncertainty with high irreversibility, although the method is simple, the current NPV method still has some weaknesses in identifying cash flows and risk estimation, calculating discount rates, and considering options that will influence investment decisions (Knoke et al., 2020). Applying the NPV method in corporate financial decision-making requires adjustments and improvements combined with various environments and situations (Li et al., 2022). In the empirical literature, the application of the NPV method to the practice of feasibility studies has been researched in many countries (Li et al., 2022).

The NPV method assumes that once a particular investment has been decided, it cannot be changed during the project's life, regardless of economic and business conditions (Xiao et al., 2023). While in reality, most investment projects have flexibility in their management, the business environment and adaptability are needed. It is also supported by Bogataj & Bogataj (2019), who state that this flexibility is manifested in the reality that managers are required to evaluate and make decisions according to actual conditions during the project period, including delays, abandonments, or expansions. These managerial choices will affect the project's cash flow, which, in turn, will also affect investment decisions. Therefore, when using the NPV method in the valuation of investment projects, it is important to consider the option's value in the form of the project value equivalent to the general NPV plus some specific option value (Sabri & Sarsour, 2019).

Another assumption implied in NPV conditions is that the risk value must be constant throughout the life of the investment project. However, in reality, the level of cash flow risk over the project's life cannot be consistent (Lilford et al., 2018). This is reflected in the design and calculation of the model's assessment, which shows that discount rates fluctuate occasionally. The survey revealed that the main reasons for not using the DCF technique (although by some companies) are the incompatibility of this technique with business conditions, the high level of complexity and difficulty, and the reluctance of top management to implement it (Poonam & Aneja, 2018).

The application of the NPV method is based on the problems that occur from the evaluation of mutually exclusive alternatives: When the scale of the project is different, when the timing of the project's cash flow is different, or when a project represents a non-conventional project: that is, a project that has significant positive and negative

cash flows over the life of the project. More recently, there has been an opinion that the NPV method does not consider project flexibility and that the value of real options related to the project should be considered in the evaluation of capital projects. Studies show that the NPV model may be more reliable than the payback period method. It has been found that errors in the application of the NPV method in terms of not making the necessary adjustments for issues such as inflation, taxation, mutually exclusive investment evaluations, and the capital capacity of firms for investment in certain projects will affect the application of the NPV method.

Another reason why NPV is not used is the prohibition of interest (riba, or riba in Arabic), which is applied in Islam and Christianity (Ismal, 2022). Riba or riba refers to the charging of interest at any level, whereas modern beliefs impose interest at an unfair and disproportionate rate and develop in parallel with the periodic interest gain (Alam, 2024). Although historical discussions about riba or riba are based on taking and lending rather than project valuation, there is a close relationship between the two issues: in NPV, interest rates are used as opportunity cost capital. The implied opportunity is a financial investment where the funds will be lent elsewhere and invested as assets. Therefore, the prohibition of loan interest directly impacts the prohibition of interest, especially compound interest; the late development of banking and management instruments should be analyzed.

The interest rate in the calculation is only a tool to simplify and ease the calculation (Dobrowolski & Drozdowski, 2022). Applying the compound interest list is an instrument to calculate the expected magnitude of current and future yields (Abdelhady, 2021). The discount rate is determined based on the expected profit and is used to estimate the rate – called the ratio, from an Islamic perspective- of the profit share (Khan, 2024b). The profit-sharing ratio is multiplied by the actual return, where the actual return may differ from the expected return (Gürak & Hatti, 2024). In the conventional context, the actual return must be the same as the expected return, and this is a forbidden place in Islam (Islam et al., 2024). However, if both parties initially agree to share the risks and benefits, this business practice is legal and allowed under Islamic law.

With this explanation, it can be concluded that the NPV method has problems and limitations, such as "the inability to measure future uncertainty," "the inability to make timely adjustments concerning changes in decisions," and finally, the prohibition of riba or riba (Kuckartz & Peroni, 2019). Therefore, greater efforts have been made to develop new versions of NPV, and many innovative modified NPV models with higher value and practical significance have emerged. Three typical models were chosen to advance research analysis: Max-NPV, Fuzzy NPV, and DNPV. Nevertheless, the development of NPV still maintains the foundation of the NPV model, which still maintains the concept of interest or usury, which is prohibited in religion. This problem can be solved by substituting the use interest rate into its calculation.

The author offers an alternative by using the price of gold, and this is to cover inflation and interest rates with the profit-sharing ratio that Islamic banks have applied. According to several studies, gold is a precious metal that is not touched by inflation (Istan, 2023). Gold is also a measure of the value of everything related to the economy and a real medium of exchange. It can be seen that gold prices continue to increase from year to year. Research on capital allocation practices such as NPV has attracted graduates' interest because of the importance of the knowledge that can be obtained (Mollah et al., 2023). Although compared to other countries, this field is still not in demand by many academics in developing countries such as Indonesia.

This pioneering research proposes and creates an NPV model where the decision results are equivalent to the NPV model and the Profitability Index (PI) (Sokolov, 2024). This method is called the Hamdi Method (Agustin et al., 2023). In this article,

the Hamdi Model consists of 2 unique models that were selected to analyze the development of the research, namely the Gold Value Method (GVM) and the Gold Index (GI). The GVM calculation replaces the net NPV method. This is because the NPV method uses the bank's interest rate to calculate NPV.

Meanwhile, GVM uses the profit-sharing ratio of Islamic banks, which converts the present value into the price of gold in the future. The GI method calculates the comparison between the present value of gold conversion cash flows and the present value of the conversion of the amount of gold from the initial investment (Agustin et al., 2023). Meanwhile, PI calculates the present cash flow value compared to the initial investment amount.

The question in this study is whether the assessment of feasibility studies using the Hamdi method containing GVM and GI provides equivalent results compared to conventional methods using NPV and PI. Therefore, this study aims to test whether the assessment of the business feasibility study with the Hamdi method consisting of GVM and GI gives the same decision results as the assessment using the conventional method consisting of NPV and PI. This research tries to test Mr. Zulkifli's oil palm plantation business plan in Kampar Riau. The results of this assessment will be useful as a consideration in making business development decisions.

2. Literature Review

2.1. Gold Value Method

Investment feasibility assessment using NPV, which prioritizes financial feasibility analysis, will reject investment ventures with a net cash flow value smaller than capital because the investor will suffer losses. However, in Islamic principles, investment should not be made by determining profits in advance but through profit and loss sharing (Alam, 2024). This principle upholds fairness because a business activity's final result cannot be ascertained (Sulaeman, 2024). If the profit is determined in advance, one of the parties will likely suffer a loss. Meanwhile, Islam wants a fair calculation of profit sharing by involving fund providers and business actors (Istan, 2023).

The NPV method assumes that once a particular investment has been decided, it cannot be changed during the project's life, regardless of economic and business conditions (Sokolov, 2024). In reality, most investment projects need flexibility in their management, the business environment, and adaptability (Magni & Marchioni, 2020). This flexibility is manifested in the reality where managers are required to evaluate and make decisions according to actual conditions throughout the project's life, including delays, abandonments, or expansions (Liu, 2022). These managerial choices will affect the project's cash flow, which, in turn, will also affect investment decisions. Therefore, when using the NPV method in the valuation of investment projects, it is important to consider the option's value in the form of the project value equivalent to the general NPV plus some specific option value.

Another assumption implied in NPV conditions is that the risk value must be constant throughout the life of the investment project (Li et al., 2022). However, in reality, the level of cash flow risk over the project's life cannot be consistent (Liu, 2022). This is reflected in the design and calculation of the model's assessment, which shows that discount rates fluctuate occasionally. The survey revealed that the main reasons for not using the Discount Factor technique (although by some companies) are the incompatibility of the technique with business conditions, the high level of complexity and difficulty, and the reluctance of top management to apply this technique.

The application of the NPV method is based on the problems that occur from the evaluation of mutually exclusive alternatives: When the scale of the project is different, when the timing of the project's cash flow is different, or when a project represents a non-conventional project: that is, a project that has significant positive and negative cash flows over the life of the project. The NPV method does not consider the project's flexibility

and how the value of real options related to the project should be considered in evaluating the capital project. Studies show that the NPV model may be more reliable than the payback period method (Sokolov, 2024). It has been found that errors in the application of the NPV method in terms of not making the necessary adjustments for issues such as inflation, taxation, mutually exclusive investment evaluations, and the capital capacity of companies for investment in certain projects will affect the application of the NPV method.

Another reason why NPV is not used is the prohibition of interest (riba, or riba in Arabic), which is applied in Islam and Christianity (Husni & Sugiarto, 2024). Riba or riba refers to the charging of interest at any level. Meanwhile, modern beliefs impose interest unfairly and disproportionately, developing in parallel with the periodic interest gain (Khan, 2024c). Although historical discussions about riba or riba are based on taking and lending rather than project valuation, there is a close relationship between the two issues: in NPV, interest rates are used as opportunity cost capital. An implied opportunity is a financial investment where the funds will be lent elsewhere and invested as an asset. Therefore, the prohibition of loan interest directly impacts the prohibition of interest, especially compound interest. Delays in the development of banking and advanced management instruments must be analyzed.

The interest rate in the calculation is only a tool for simplification and easing the calculation. Applying a compound interest list is an instrument for calculating the expected returns now and in the future. The discount rate is determined based on the expected profit and is used to estimate the rate – called the ratio, from an Islamic perspective- of the profit share (Khan, 2024a).

The profit-sharing ratio is multiplied by the actual profit, where the actual profit may differ from the expected profit (Gürak, 2024). Meanwhile, in the conventional context, the actual return must be the same as the expected return, which is forbidden in Islam (Iqbal & Shah, 2024). However, if both parties initially agree to share the risks and benefits, this business practice is legal and allowed under Islamic law.

With this explanation, it can be agreed that the NPV method has problems and limitations, such as "the inability to measure future uncertainty," "the inability to adjust the time concerning the amendment of the decision," and finally, the prohibition of riba or riba. Therefore, greater efforts have been made to develop new versions of NPV, and many innovative modified NPV models with higher value and practical significance have emerged. Three typical models were chosen for advancement in research analysis, namely Max-NPV, Fuzzy NPV, and DNPV. Nevertheless, the development of NPV still maintains the foundation of the NPV model, which still maintains the concept of interest or usury, which is prohibited in religion. This problem can be solved by substituting the use interest rate in the calculation. The author offers an alternative by using the price of gold, and this is to cover inflation and interest rates with the profit-sharing ratio that Islamic banks have applied. Currently, research on capital allocation practices such as NPV has attracted graduates' interest because of the importance of knowledge that can be obtained. Compared to other countries, this field is still not in demand by many academics in developing countries such as Indonesia.

2.2. Gold Index

Hamdi's pioneering method proposes and creates an NPV model that develops the decision results to be equivalent to the NPV and Profitability Index (PI) models (Agustin et al., 2023). This method is called the Hamdi Method. In this article, the Hamdi Model consists of 2 unique models that were selected to analyze the development of the research, namely the Gold Value Method (GVM) and the Gold Index (GI). The GVM calculation replaces the net NPV method. This is because the NPV method uses bank interest rates to calculate NPV.

Meanwhile, GVM uses the profit-sharing ratio of Islamic banks, which converts the present value into the price of gold in the future. The GI method

calculates the comparison between the present value of gold conversion cash flows and the present value of the conversion of the amount of gold from the initial investment. Meanwhile, PI calculates the cash flow value compared to the initial investment amount.

The use of the gold standard in the calculation of GVM is based on the opinion put forward by Ibn Khaldun, stating that two metals, namely gold and silver, are measures of value. These metals are naturally accepted as money where subjective fluctuations do not affect their value.

Therefore, Ibn Khaldun supported using gold and silver as monetary standards (Iqbal & Shah, 2024). For him, making coins is only a guarantee given by the ruler that a coin contains a certain amount of gold and silver. The printing house was a religious office and was not subject to temporal rules. The amount of gold and silver contained in a coin cannot be changed once the coin has been issued.

The GVM method is the difference between the investment converted to the current gold price and the net cash receipts (operating cash flow and terminal cash flow) converted to the gold price. GVM is one of the approaches used to evaluate investment proposals by dividing net profit based on the profit-sharing rate of Islamic banks.

3. Research Methodology

The location of this research is in Kampar Regency, Riau Province. The type and source of data consist of primary data obtained through direct interviews with business owners, and secondary data is financial and sales data compiled by Pak Zulkifli's oil palm plantation business. The data collection method used in this study is interviews and observations directly to the research site, namely in Kampar Regency, Riau Province. This study uses descriptive and quantitative analysis of the feasibility of Mr. Zulkifli's oil palm plantation business, which is assessed based on conventional and sharia aspects. The feasibility analysis assessment is based on the conventional

perspective, namely Net Present Value (NPV), Payback Period (PP), and Profitability Index (PI). Meanwhile, the feasibility assessment is based on Hamdi's Method, namely the Gold Value Method (GVM) and the Gold Index (GI) Method.

3.1. Gold Value Method (GVM)

From the Islamic perspective, investment should not be made by determining profits in advance but through profit sharing in both profit and loss situations (Agustin et al., 2023). This principle upholds fairness because a business activity's final result cannot be ascertained.

The gold standard in the calculation of GVM is based on the opinion put forward by Ibn Khaldun, stating that two metals, namely gold and silver, are value measures (Istan, 2023).

Gold Value Method

$$GVn = \sum_{t}^{n} = (LB_t \times N_t) : (HE_t) - INV$$

Information :
GV_n	= Investment surplus for n years
LB_t	= Net Profit
N_t	= Revenue Share Ratio
HE_t	= Gold price in year t
INV	= Initial Investment
N	= Project life
T	= Period (time)

3.2. Gold Index Method (GI)

The gold index is the ratio between gold PV and gold PV from cash flow expenditure (Agustin et al., 2023). This method gives consistent results with GVM.

$$GI = \frac{\text{Total Gold Earnings (g)}}{\text{Initial Investment Amount (g)}}$$

With GI eligibility criteria, more than one is declared eligible.

The calculation of business feasibility uses the following conventional concepts:

3.3. Net Present Value (NPV)

Net present value (NPV) is now a comparison between PV net cash flow and PV investment over

the life of the investment. The difference between the two PVs is NPV (Agustin et al., 2023).

To calculate NPV, we must first know how much the net cash PV is. Net cash PV can be found by calculating the company's cash flow over a certain investment life.

The formula for calculating NPV :

$$\text{NPV} = \sum_{t=1}^{n} (B_t - C_t)/(1 + i)^t$$

Information :
B_t = Project acceptance in year t
C_t = Fees in year t
n   = Economical life of the project
i   = Interest rates on investment loans

With the decision criteria: 1) If NPV = 0, the business is in a break-even point state; 2) Viable business if NPV is greater than 0; 3) The business is not feasible if the NPV is less than 0.

The advantage offered by the NPV method is that it is an effective measure of profitability because this method focuses on the project's contribution to shareholder prosperity and interest.

3.3. Profitability Index

The profitability index is the ratio of activity from the amount of net income to the present value of investment expenditure over the life of the investment (Sokolov, 2024).

$$\text{Profitability Index(PI)} = \frac{\text{PV Net Cash}}{\text{Investment}}$$

With admission criteria: Projects are accepted if the PI value is > 1, or The project is rejected if the PI value is < 1.

4. Results and Discussion

4.1. Hamdi Method Calculation
Revenue data over the life of the palm oil.

Table 1 above shows that smallholder oil palm plants began to produce 4-year-old plants, but the production yield was still very small, so the income obtained was also small. In 6-year-old plants, the acceptance rises very drastically, reaching a peak

at the age of 10-16 years and then slowly decreasing again. At the age of 22 years, there is a decrease in income that is far from the acceptance of 21-year-old plants, and the acceptance will decrease further with the increase in plant age, considering the decreasing productivity of the plant.

Table 1. Palm oil income during the planting period

Year	Income (IDR)	Year	Income (IDR)
0	-	13	28.724.262
1	-	14	28.416.667
2	-	15	28.520.366
3	-	16	28.924.500
4	1.303.125	17	26.812.133
5	5.725.363	18	24.060.958
6	13.155.667	19	24.888.227
7	17.893.167	20	24.045.950
8	23.766.746	21	23.875.015
9	25.106.250	22	22.473.667
10	27.651.111	23	22.308.038
11	28.655.833	24	21.452.000
12	28.782.167	25	20.863.250

The average production is only around 203,822.44 kg/year, with an average productivity of 15,355.54 kg/Ha/year or around 1,279.6 kg/ha/month. Referring to the statement in the Oil Palm Cultivation Technology Book published by the Agricultural Research and Development Agency (2008), the productivity of smallholder oil palm plantations averages 16 tons of Fresh Fruit Bunches (FFB) per ha, while the production potential when using superior oil palm seeds can reach 30 tons of FFB/ha. Therefore, the productivity of oil palm plants in the research area is still standard, although not optimal.

It is possible that the acceptance of sample farmers is not optimal. This in optimality is caused by most farmers using seeds arbitrarily so that the production results obtained, modest maintenance activities, and prices also affect production results. The applicable price also influences this revenue. Farmers in the study area get an average price of

Rp1,053/kg. The results of interviews with sample farmers show that the price of FFB fluctuates; this price can change every day and even twice a day. Farmers who sell FFB to KUD members tend to get high prices. However, the number of farmers who are members of KUD is only a small part.

Table 2. GVM and GI Calculation

Year	Income	Profit Share 60%	Gold Price (gram)	GV
4	1.303.125	781.875	1.075.000	0,73
5	5.725.363	3.435.218	1.236.250	2,78
6	13.155.667	7.893.400	1.421.688	5,5
7	17.893.167	10.735.900	1.634.941	6,57
8	23.766.746	14.260.048	1.880.182	7,58
9	25.106.250	15.063.750	2.162.209	6,97
10	27.651.111	16.590.667	2.486.540	6,67
11	28.655.833	17.193.500	2.859.521	6,01
12	28.782.167	17.269.300	3.288.450	5,25
13	28.724.262	17.234.557	3.781.717	4,56
14	28.416.667	17.050.000	4.348.975	3,92
15	28.520.366	17.112.220	5.001.321	3,42
16	28.924.500	17.354.700	5.751.519	3,02
17	26.812.133	16.087.280	6.614.247	2,43
18	24.060.958	14.436.575	7.606.384	1,90
19	24.888.227	14.932.936	8.747.341	1,71
20	24.045.950	14.427.570	10.059.442	1,43
21	23.875.015	14.325.009	11.568.359	1,24
22	22.473.667	13.484.200	13.303.613	1,01
23	22.308.038	13.384.823	15.299.155	0,87
24	21.452.000	12.871.200	17.594.028	0,73
25	20.863.250	12.517.950	20.233.132	0,62
				74,98
	GVM	60.000.000	1.075.000	55,81
	GI	74,98/ 55,81	1,34	

The data table shows that the initial establishment of land purchase and clearance of IDR 60,000,000 resulted in a GVM value of 55.81 grams of gold. Because the results of the GVM calculation are positive, the oil palm plantation business is feasible. For the GI calculation, the value is 1.34. Because the results of the GI calculation are above 1, the sawit garden business is feasible.

4.2. Conventional Method Calculation

The table shows that the initial establishment of land purchase and cleaning of IDR 60,000,000 resulted in an NPV of IDR 167,489,802. Because the results of the NPV calculation are positive, the oil palm plantation business is feasible. The calculation of PI gets a value of 3.79. Because the results of the

PI calculation are above 1, the oil palm plantation business is feasible.

Table 3. NPV and PI Calculation

Year	Income	DF 7%	PV
4	1.303.125	0,935	1.218.422
5	5.725.363	0,873	4.998.242
6	13.155.667	0,816	10.735.024
7	17.893.167	0,763	13.652.486
8	23.766.746	0,713	16.945.690
9	25.106.250	0,666	16.720.763
10	27.651.111	0,623	17.226.642
11	28.655.833	0,582	16.677.695
12	28.782.167	0,544	15.657.499
13	28.724.262	0,508	14.591.925
14	28.416.667	0,475	13.497.917
15	28.520.366	0,444	12.663.043
16	28.924.500	0,415	12.003.668
17	26.812.133	0,388	10.403.108
18	24.060.958	0,362	8.710.067
19	24.888.227	0,339	8.437.109
20	24.045.950	0,317	7.622.566
21	23.875.015	0,296	7.067.004
22	22.473.667	0,277	6.225.206
23	22.308.038	0,258	5.755.474
24	21.452.000	0,184	3.947.168
25	20.863.250	0,131	2.733.086
			227.489.802
		NPV	167.489.802
		PI	3,79

4.3. Business Feasibility Analysis

Table 4. Recapitulation Results

No	Eligibility Method	Result	Decision
1.	Gold Value Method (GVM)	The Gold Value Method is 55.81 Grams of Gold	Proper Under Normal Conditions
2.	Gold Index (GI)	Gold Index over 1 is 1.34	Proper Under Normal Conditions
3.	Net Present Value (NPV)	NPV > 0 is IDR 167.489.802	Proper Under Normal Conditions
4.	Profitability Index (PI)	PI > 1 is 3.79	Proper Under Normal Conditions

Running a business requires large funds for its sustainability, both from operational activities and

development. Therefore, it is necessary to review whether the business being run is feasible or not to be developed. Based on the research results conducted on Mr. Zulkifli's oil palm plantation business, the analysis of the business feasibility method and its explanation can be recapitulated as follows in Table 4.

5. Conclusion

Using the Gold Value Method (GVM) method, the oil palm plantation business has a gold income of 55.81 grams of gold for 25 years, and the results of this business calculation have a positive value greater than the initial investment cost. Using the Gold Index (GI) method, a result of 1.34 was obtained, which is greater than 1 (one), so the oil palm plantation business is worthy of acceptance.

Based on the results of the comparative calculation of conventional analysis of oil palm plantation business analysis, it is concluded that this business is feasible to run because using a 7% capital cost discount rate can produce a Net Present Value with a positive value, namely Rp. 167,489,802. This means that the oil palm plantation business is feasible to run. The Profitability Index (PI) analysis also shows the feasibility of the business with a Profitability Index (PI) value of more than 1 (one), which is 3.79, so this investment is worthy of acceptance.

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