LEVEL OF INFLATION AND GDP ON DOMESTIC INVESTMENT IN SOUTH KALIMANTAN OF 2017-2020 PERFORMANCE BASED ON ISLAMIC ECONOMIC PERSPECTIVE

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| Article Info	Abstract
	This research aims to determine and analyze the effect of the inflation rate and GDP on domestic investment levels in South Kalimantan. This type of research was a quantitative research with secondary data in the form of time series data taken from the official website of BPS South Kalimantan. The research sample was 4 years, from 2017 until 2020 period. To test the hypothesis, this research used multiple linear regression analysis method through the Eviews 9 program. The results in this study indicate that the inflation rate and GDP variable are able to explain the variable domestic investment of 14.35% and the remaining 85.65% explained by other variables outside the research. In the F-test, the inflation rate variable and GDP variable has a significant effect on the domestic investment variable. Then at the t-test, the inflation rate variable has a negative effect on the domestic investment variable. Meanwhile, the GDP variable has a positive effect and significant on the domestic investment variable.

INTRODUCTION

As a developing country, Indonesia certainly experiences various problems, one of which is that Indonesia requires large funds to build an equitable economy and to promote public welfare as stated in the Preamble to the 1945 Constitution. Limited funding or financing is a problem that

often occurs in economic development. To cover the limited funding, investment can be used as a source of financing in economic development.

In general, investment is an indicator of economic growth expected to generate profits. Based on Republic of Inonesian Law Number 25 of 2007 Article 1 concerning Investment, investment is all forms of investing activities, both by domestic investors and foreign investors to do business in the territory of the Republic of Indonesia. Investments can be made by individuals or business entities in the form of assets of money or other forms owned by investors that have economic value. Every investment made will make a major contribution to economic growth, because investment can encourage the development of economic activity.

Based on data from the Central Statistics Agency (BPS), the Realization of Domestic Investment in South Kalimantan province from 2017 to 2020 can be shown in the following graph.

Graph 1. Level of Proxverty
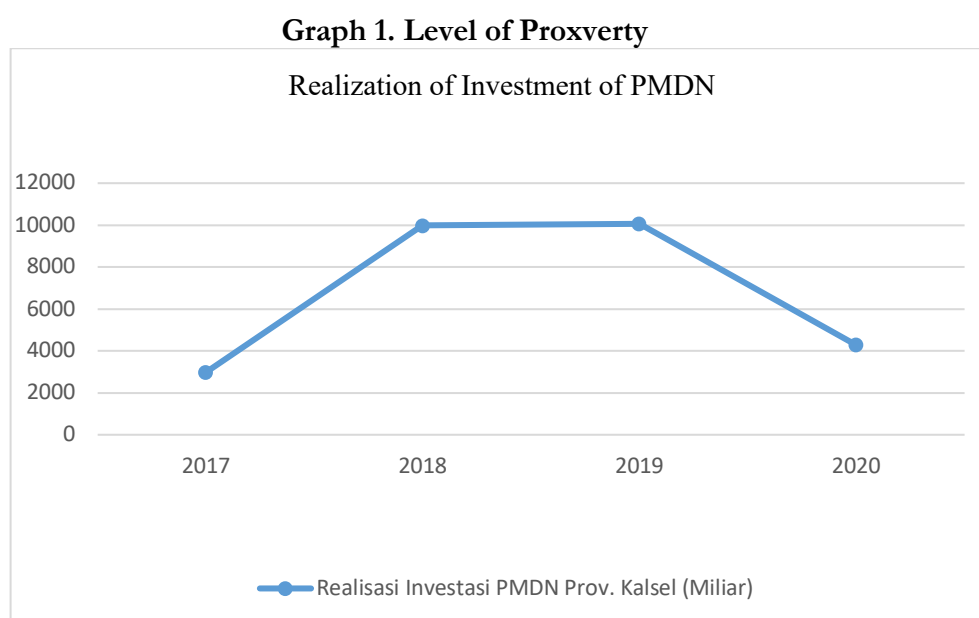
Source: Central Statistics Agency (BPS), processed data, 2021

Investment realization of Domestic Investment (DI) in South Kalimantan Province from 2017 to 2020 tends to experience a fluctuating trend. In 2017 the realization of DI investment in South Kalimantan amounted to IDR 2,981.09 billion, then the following year 2018 experienced a very significant increase from the previous year where the realization of DI investment is IDR 9,975.02 billion, and it experienced a slight increase where the realization DI investment amounted to IDR 10,061 billion in 2019, and finally it experienced a significant decrease again, namely IDR 4,268.03 billion in 2020 (BPS, 2021). The Covid-19 pandemic was the main factor in the drop in investment value in South Kalimantan in 2020. Due to the pandemic, a number of investors chose to postpone investing. In addition, the decline in coal and CPO exports is another factor causing the decline in investment in South Kalimantan.

There are several factors influencing investment in the opinion of some previous researchers, the factors that are considered to be able to influence investment include interest rates, national income, GDP, facilities and infrastructure, licensing bureaucracy, quality of Human Resources (HR), regulations and laws of employment, political stability and security, as well as socio-cultural factors (Nugroho, 2008). In addition, according to Sari, (2015) factors that affect Domestic Investment are GDP, labor, inflation, and infrastructure. So, from the factors mentioned above, the authors chose the inflation rate and GDP variables on the domestic investment variable for research.

According to Al-Maqrizi, inflation is divided into 2; inflation due to reduced supplies and human error. According to Al-Maqrizi, inflation due to human error can cause a country's economy to go bad (Fadilla, 2016, 2017) one of which is directing investment to non-productive things encompass boarding of wealth such as buildings, precious metals, foreign currency at the expense of investment in productive directions such as industry and transportation.

In general, the impact of inflation on the economy tends to be negative, not only causing the value of money to fall, but also affecting savings and even investment (Salim & Fadilla, 2021). Inflasi justru berisiko menggerus tingkat pengembalian investasi, dengan kata lain inflasi akan sangat merugikan investasi. So it is necessary to keep in mind that the inflation rate has a negative effect on investment. This is because a high inflation rate will increase the risk of investment projects and in the long run high inflation can reduce the average maturity of capital loans and the distortion of information about relative prices.

Data on the inflation rate in South Kalimantan as shown by the Central Statistics Agency (BPS) fluctuates from year to year. In 2017, inflation in South Kalimantan was 3.82%, then in 2018 it decreased by 2.63%, and in 2019 inflation increased again by 4.01%, and finally in 2020 inflation fell again to 1.68% (BPS, 2021).

South Kalimantan Province has several districts that have potential in various sectors. This can be seen from the Gross Domestic Product (GDP) per sector, where the largest contribution is in the mining and quarrying sector, followed by agriculture, forestry and fisheries. If an area has a high GDP, investors will prefer to invest in that area. So it can be concluded that there is a positive relationship between GDP and investment; if GDP increases, investment spending will also increase.

Based on the description of the background above, the authors are interested in examining the effect of the inflation rate and GDP on domestic investment in South Kalimantan province for the 2017-2020 period.

LITERATURE REVIEW

Investment

Definition of Investment

Investment derives from English, investment with the root word of 'invest' which means, among others, to plant (Sakinah, 2014). Samuelson argues that investment includes the addition of goods and capital stock in a country, such as buildings and production equipment within a period of one year. Investment is a step to sacrifice consumption in the future (Samuelson & Nordhaus, 2004). Meanwhile, according to Sukirno, (2015), economic theory defines investment as expenditures to buy capital goods and production equipment with the aim of replacing and especially increasing capital goods in the economy that will be used to produce goods and services in the future. In other words, in economic theory, investment means shopping activities to increase the capacity to produce something in the economy (Sukirno, 2015).

Factors influencing investment according to Nugroho, (2008) and Wahyuning & Rakasiwi, (2014) are interest rates, national income, GDP, facilities and infrastructure, licensing bureaucracy, quality of Human Resources (HR), labor laws and regulations, stability politics and security, socio-cultural factors, inflation, and infrastructure.

H_1 : There is a significant influence between the inflation rate and GDP variables on domestic investment variables in the province of South Kalimantan

Types of Investment

Based on the type of investment, it is categorized into two types; government investment and private investment (Syaihu, 2012). Government investment is investment made by the government, both central and regional. In general, this government investment is not aimed at seeking profit or earning income. Meanwhile, private investment is generally carried out by the private sector which is further divided into Foreign Investment (FI) and investment made by the national private sector or called Domestic Investment (DI). Investments made by the private sector aim to seek profits and earn income (Syaihu, 2012).

Syariah Investment

Syariah investment is based on sharia principles, whether the investment is made in the real sector or the financial sector. Islam teaches its people to carry out investment activities that benefit all parties and prohibits humans from seeking fortune by speculating (Muhammad, 2004). Islam encourages its adherents to invest but investment in Islam must follow the rules and limitations of what is lawful or permissible and what is forbidden or what cannot be done.

In particular, the DSN-MUI fatwa No. 80/DSNMUI/III/2011 regulates how Muslims choose investments permitted by law and prohibit activities that are contrary to sharia principles

in investment and business activities, namely *Maisīr, Gharar,* Riba, *Bāṭil, Bayʻi maʻdūm, Iḥtikār, Taghrī, Ghabn, Talaqqī al-rukbān, Tadlīs, Ghishsh, Najsh, Dharar, Rishwah* and *Zalim*. Muamalah activities (including in terms of investment) as long as there are no elements prohibited by sharia as mentioned, then these activities are halal in nature and may be carried out. The ultimate goal of investment activities based on sharia principles is to achieve the glory of life (falāh), happiness in the world and the hereafter (Mashuri, 2018).

Theory of Neo-Classical

This investment theory is called the Neo-Classical theory because its basic view is based on the thoughts of classical economists regarding the determination of the balance of production factors by companies. To maximize profits, each company will use a factor of production so that it reaches a level where the marginal production value is equal to the cost spent to obtain one unit of the factor of production. This law, when applied to labor, means that the marginal production value of a laborer is equal to the wages of that laborer (Sukirno, 2015).

Theory of Harrod-Domar

This theory is a combination of the opinions put forward by the Classics and Keynes. According to this theory, the role of capital growth is emphasized in creating economic growth. This theory views capital formation as an expenditure that will increase the effective demand of society. Where if at one time a number of capital formations were carried out, then in the next period after capital formation the economy has the ability to produce greater goods and services (Sukirno, 2015).

Inflation
Definition of Inflation

According to Indonesian Dictionary (KBBI), inflation is a decline in the value of money (paper) due to the amount and speed of money (paper) circulating, causing the price of goods to rise. Meanwhile, according to Monetary Experts, inflation is a symptom of the amount of money demanded will encourage an increase in demand for goods and services (Salim & Fadilla, 2021).

Inflation is an event that shows an increase in the price level in general and takes place continuously. From this definition, there are three criteria that need to be observed to see if inflation has occurred, encompassing price increases, general in nature, and occur continuously within a certain time span. (Nova & Panjaitan, 2014; Salim & Fadilla, 2021).

Inflation Based on Islamic Economic Perspective

Islamic economics is an effort to find a better economic system after the capitalist economy failed miserably which caused many problems(Fadilla, 2016, 2017). 1) Injustice in various kinds of activities reflected in the unequal distribution of people's income. 2) Instability of the economic

system. And in Islamic economics, *Insya Allah*, there is no such thing. In Islam., it is not known as inflation, because the currencies used are dinars and dirhams, which have a stable value and are justified by Islam. Sheikh An-Nabhani gave the reason why the appropriate currency was gold. When Islam prohibits the practice of hoarding wealth, Islam only specifies the prohibition for gold and silver, even though wealth includes all items that can be used as wealth. Inflation is divided into two, according to Al-Maqrizi, namely:

a. Inflation due to reduced inventories of goods. This inflation happened at the time of the Prophet and Khulafaur Rashidin because of drought or because of war.

b. Inflation is the result of errors caused by three things: corruption and bad administration, burdensome taxes, and excessive amounts of money. The increase in prices that occurs is in the form of the amount of money, it is rarely for dinars (Marsela, 2014).

Inflation Measurement

a. Consumer Price Index (CPI), is an index that measures the average price of certain goods purchased by consumers. From the CPI, the magnitude of the inflation rate is calculated using the formula (Sukirno, 2015):

$$\text{Inflasi} = \frac{IHK_t - IHK_{t-1}}{IHK_{t-1}} \times 100$$

b. GDP Deflator shows the magnitude of changes in the prices of all new goods, locally produced goods, finished goods and services. The formula is:

$$\text{GDP Deflator} = \frac{PDB\ Nominal}{PDB\ Rill} \times 100\%$$

c. The Wholesale Price Index (IHPB), also known as the producer price index, views inflation from the producer side and focuses more on a number of goods at the wholesale trade level. The principle of calculation is as follows (Sukirno, 2015):

$$\text{Inflation} = \frac{IHPB - IHPB_{-1}}{IHPB_{-1}} \times 100\%$$

d. Producer Price Index (IHP), is an index that measures the average price of the goods needed by producers to carry out the production process (Sukirno, 2015).

Correlation between Inflation and Investment

The correlation between inflation and investment is that if the inflation rate is high, it will increase the risk of investment projects and in the long term, high inflation can reduce the average maturity of capital loans and distort information about relative prices. In addition, high inflation

rates are often expressed as macroeconomic wheel instability and an inability of the government to control macroeconomics. In conclusion, the inflation rate has a negative effect on investment.

H₂: The inflation rate has a negative effect on domestic investment in the province of South Kalimantan

Gross Regional Domestic Product (GRDB)

Definition of GRDB

Economic growth is a process of changing the condition of a country's economy on an ongoing basis towards a better condition for a certain period. Economic growth can also be interpreted as a process of increasing the production capacity of an economy as measured using an indicator called the Gross Regional Domestic Product (GRDP) / Gross National Product (GNP) of a region.

Gross Regional Domestic Product (GRDP) is the gross added value of all goods and services created or produced in the domestic territory of a country arising from various economic activities in a certain period regardless of whether the factors of production are owned by the community (residents) from the area or the other community (non-resident).

GRDP based on the field of business is the sum of all components of the gross added value that can be created by the business sector for its various production activities. The higher the GRDP value of an area, then it shows the high level of economic growth, and also illustrates that the area is experiencing progress in the economy.

Economic Growth in Islam

According to Abdurrahman Yusro, the economic growth of a country has been described by Allah SWT in the Qur'an Surah Nuh verses 10-12

فَقُلْتُ اسْتَغْفِرُوْا رَبَّكُمْ ۖ اِنَّهٗ كَا نَ غَفَّا رًا (١٠) يُّرْسِلِ السَّمَآءَ عَلَيْكُمْ مِّدْرَا رًا (١١) وَّيُمْدِدْكُمْ بِاَ مْوَا لٍ وَّبَنِيْنَ وَيَجْعَلْ لَّكُمْ جَنّٰتٍ وَّيَجْعَلْ لَّكُمْ اَهْرًا (١٢)

The meaning*: "And said, 'Ask forgiveness of your Lord. Indeed, He is ever a Perpetual Forgiver (10). He will send [rain from] the sky upon you in [continuing] showers (11). And give you increase in wealth and children and provide for you gardens and provide for you rivers (12).*" (Nuh [71] : 10-12)

From the verse above, we can understand that we can achieve prosperity in life as long as we diligently ask for forgiveness from Allah SWT. Allah SWT promises a wide range of sustenance if we are devoted to Him and stay away from all forms of disobedience. Likewise, in order to realize the economic growth of a region, the objectives and all the facilities used must be in accordance with the values and principles of sharia which are based on the Qur'an and Hadith.

However, this cannot deny the concept of conventional economics as long as it does not conflict with sharia.

Correlation between GRDB with Investment

The correlation between GRDP and investment is that if an area has a high GRDP, investors will prefer to invest in that area. So it can be concluded that there is a positive correlation between GRDP and investment, that is, if GRDP increases, investment spending will also increase (Sabono & Kusreni, 2013).

H_3: GRDP has a positive and significant impact on domestic investment in the province of South Kalimantan.

RESEARCH METHODOLOGY

In this study, domestic investment was the dependent variable, while the inflation rate and GRDP were the independent variables. The domestic investment variable was measured by the realization of Domestic Investment (DI) investment in the province of South Kalimantan. The inflation rate variable was measured by the Consumer Price Index (CPI), while for the GRDP variable it was measured by the regional GRDP of South Kalimantan from the point of view of the business sector.

A quantitative approach was the basis of the approach in this study, it used secondary data taken from the official website of the Indonesian Central Statistics Agency (BPS) (bps.go.id) for South Kalimantan BPS (kalsel.bps.go.id). The data taken were monthly data on inflation, GDP data, and also annual data on the realization of investment in the province of South Kalimantan interpolated into monthly data. This data was in the form of time series data from 2017-2020. So, from these data obtained a total of 48 data. This study analyzes the level of inflation and GDP on domestic investment in the province of South Kalimantan. To test the hypothesis, the technique used in this research was the Multiple Linear Regression Analysis method (multiple linear regression method), to examine the effects and relationships that have more than one independent variable on the dependent variable, with the help of the Eviews 9 program.

Data analysis was carried out by measuring how much the model's ability to explain variations in the dependent variable. In other words, to what extent is the suitability or accuracy of the regression line formed in representing the observed data group through the determinant coefficient test (R^2). Then a simultaneous test (F test) was carried out to find out whether the resulting regression model was suitable or the independent variables jointly had an influence on the dependent variable. The last analysis was to do a partial test (t test), which was to test whether the 'n' independent variable has a significant effect on the dependent variable or not. The number of individual tests is the same as the number of independent variables (Bawono & Shina, 2018).

However, before carrying out multiple linear regression analysis, there is a classic assumption test that must be met first in order to meet the BLUE (Best Linear Unbiased Estimate) criteria consisting of a normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. This classic assumption test is carried out to avoid bias in decision making.

RESULT AND DISCUSSION

The calculations in this study are measured based on monthly data on inflation rates, GRDP, and domestic investment in the province of South Kalimantan from 2017-2020, with a sample of 48 data.

Statistic Test

Table 1. Results of Statistic Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	559.1076	58.45171	9.565291	0.0000
INFLASI	-198.1474	119.3596	-2.094568	0.1039
PDRB	152.3177	26.29664	2.393830	0.0209
R-squared	0.143461	Mean dependent var		568.8417
Adjusted R-squared	0.105393	S.D. dependent var		322.9930

Source: Eviews 9, Processed Data, 2022

The regression equation model in this study is obtained:

$$INVESTMENT = 559.1076 - 198.1474 INFLATION + 152.3177 GRDB + e$$

The equation shows that:

1. If the inflation rate and GRDP are zero, then the amount of domestic investment is Rp.559.1076.
2. If the inflation rate increases by 1%, domestic investment will decrease by Rp.198.1474
3. If GRDP increases by 1%, domestic investment will increase by Rp.152.3177.

Determinant Coefficient Test

The determinant coefficient (R^2) is used to determine the extent of the fit or accuracy of the regression line formed in representing the group of observed data. The coefficient of determination describes the portion of the total variation that can be explained by the model.
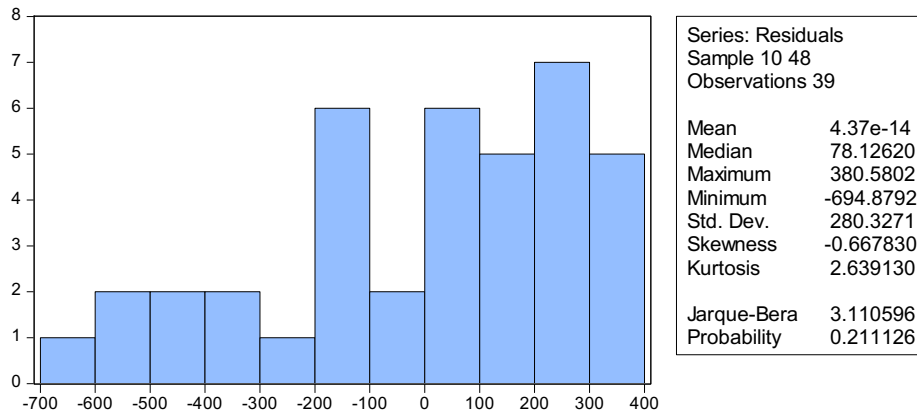
The value of R-Squared (R^2) in the regression test (Table 1) of 14.35% the regression line in this model is quite good in explaining the relationship between the inflation rate, GRDP and domestic investment, in other words, the inflation rate and GRDP variables are able to explain the variable. domestic investment is 14.35%, and the remaining 85.65% is explained by other variables outside the study.

Classic Assumption Test

Multiple linear regression analysis requires the classical assumption test to be performed. The classical assumption test in the regression model is carried out to avoid bias in decision making. There are four classic assumption tests used in this study, encompass the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test (Ghozali, 2011).

Normality Test

Table 2. Normality Test Results by Histogram

Series: Residuals	
Sample 10 48	
Observations 39	
Mean	4.37e-14
Median	78.12620
Maximum	380.5802
Minimum	-694.8792
Std. Dev.	280.3271
Skewness	-0.667830
Kurtosis	2.639130
Jarque-Bera	3.110596
Probability	0.211126

Source: Eviews 9, Processed Data, 2022

The results of the research model normality test in Table 2 above show the probability value is $0.211126 > \alpha = 0.05$, so it can be concluded that the residual data in this case is normally distributed, so the classical assumption normality test is fulfilled

Multicollinearity Test

The multicollinearity test aims to determine a linear relationship between the independent variables in multiple regression. In order to avoid multicollinearity, the Centered VIF value must be less than 10 (< 10) or close to 1.

Table 3. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	3416.603	1.606379	NA
INFLASI	16556.48	1.491399	1.023655
PDRB	691.5132	1.103526	1.023655

Source: EViews 9, Processed Data, 2022

From the test results as shown in Table 3 above, it is known that the Centered VIF value of each independent variable is the inflation rate of 1.0236 < 10 and the GRDP is 1.0236 < 10, which means that there is no multicollinearity problem, so that the classical assumptions are fulfilled.

Heteroscedasticity Test

Heteroscedasticity test is conducted to see whether the variance value between Y values s heterogeneous. In this study, the heteroscedasticity test is performed using the Breusch-Pagan-Godfrey test. So that heteroscedasticity is not detected, then the value of the Chi-Square Probability (x^2) Obs*R-Squared must exceed the level of significance. In this research, the significance level is 5% (0.05).

Table 4. 3.   Heteroscedasticity Test Results

F-statistic	3.027695	Prob. F(2,36)	0.0609
Obs*R-squared	5.615457	Prob. Chi-Square(2)	0.0603
Scaled explained SS	3.921430	Prob. Chi-Square(2)	0.1408

Source: Eviews 9, Processed Data, 2022

From the test results with the Breusch-Pagan-Godfrey test as in Table 4 above, it is known that the Prob. Chi-Square Breusch-Pagan-Godfrey = 0.0603 > 0.05, which means there is no heteroscedasticity problem, so the classical assumption is fulfilled

Autocorrelation Test

Autocorrelation means that there is a correlation between members of one observation with other observations at different times. Autocorrelation often occurs in time series data. In this study, the autocorrelation test is carried out with the Serial Correlation LM-Test test. So that autocorrelation does not occur, then the value of the Chi-Square Probability (x^2) Obs*R-Squared must exceed the level of significance. In this research, the significance level is 5% (0.05).

Table 5. Autocorrelation Test Results

F-statistic	0.573748	Prob. F(2,34)	0.5688
Obs*R-squared	1.273273	Prob. Chi-Square(2)	0.5291

Source: Eviews 9, Processed Data, 2022

From the test results with the Serial Correlation LM-Test test as shown in Table 5 above, it is known that the value of Prob. Chi-Square Breusch-Godfrey LM Test = 0.5291 > 0.05, which means that there is no autocorrelation problem, so this case data meets the classical assumptions

Simultaneous Test (F Test)

Simultaneous test (F test) is a test to see the effect of all independent variables together on the independent variables and whether the regression model made is significant or not.

Table 6. Simultaneous Test Results

F-statistic	3.768516
Prob(F-statistic)	0.030677

Source: Eviews 9, Processed Data, 2022

Based on the results of the regression test in Table 6, the value of the Prob(F-Statistic) is 0.030677 <0.05, then H0 is rejected and Ha is accepted. So this shows that the inflation rate and GRDP variables simultaneously have a significant effect on domestic investment. This means that hypothesis 1 which states that there is a significant influence between the inflation rate and GRDP variables on domestic investment variables in the province of South Kalimantan for the 2017-2020 period has been proven empirically.

Partial Test (t Test)
Inflation Level (X1)

Table 7. Partial Test Results of Inflation Rate Variables

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	559.1076	58.45171	9.565291	0.0000
INFLASI	-198.1474	119.3596	-2.094568	0.1039

Source: Eviews 9, Processed Data, 2022

Based on the results of the regression test in Table 7, the test results obtained a probability value of 0.1039 > 0.05, or with a t-statistic value = 2.094568 > t-table = 2.01410 then H0 is rejected and Ha is accepted. So it can be concluded that the inflation rate partially has a negative effect on domestic investment. This means that hypothesis 2 which says the inflation rate has a negative effect on domestic investment in the province of South Kalimantan for the 2017-2020 period has been proven empirically.

The existence of a negative influence on domestic investment in South Kalimantan shows that the results of this study are in accordance with the theory, where in general the impact of inflation on the economy tends to be negative, not only causing the value of money to fall, but also affecting savings and even investment. Inflation actually risks eroding the rate of return on investment, in other words inflation is very detrimental to investment. The results of this study are also supported by previous research (Nopirin, 2000) cited in the research of Bakti & Alie, (2018) which states that high inflation in a country results in an increase in the money supply, which is then followed by high interest rates which causes investment to fall. The high inflation rate causes people's purchasing power to decrease, which causes a decrease in investment profits, so that it makes investors' interest to decline.

From an Islamic economic perspective, inflation also has an impact on investment. As stated in Awaluddin, (2017) Islamic economists argue that, inflation is very bad for the economy, one of which directs investment to unproductive things, namely the accumulation of wealth (hoarding such as buildings, precious metals, foreign currency which causes the sacrifice of funds which should be directed to productive investment such as agriculture, industry and others).

According to the opinions of the Islamic economists stated above, it is clear that inflation has a negative effect on investment (Bakti & Alie, 2018; Marsela, 2014; Messakh, 2019). The higher the inflation rate in a region or country, the lower the level of investment in that region or country. This is due to the consequences of inflation itself which ultimately makes people tend to accumulate wealth rather than directing their wealth to productive things.

GRDP (X2)

Tabl 8. GRDP Variable Partial Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	559.1076	e58.45171	9.565291	0.0000
PDRB	152.3177	26.29664	2.393830	0.0209

Source: Eviews 9, Processed Data, 2022

Based on the results of the regression test in Table 8, the test results obtained a probability value of 0.0209 <0.05, or with a t-statistic value = 2.393830 > t-table = 2.01410 then H0 is rejected and Ha is accepted. So, it can be concluded that the GRDP partially has a positive and significant effect on domestic investment. This means that hypothesis 3 which reads that GRDP has a positive and significant effect on domestic investment in the province of South Kalimantan for the 2017-2020 period is empirically proven.

The existence of this positive influence indicates that the results of this study are in accordance with the theory, where in general an increase in GRDP on the economy has a positive impact, an increase in GRDP indicates an improvement in the economy and in this case shows an increase and improvement in the economy of South Kalimantan, which in the end will also encourage investors to invest because one of the motives of investors or multinational companies to invest is to get high returns in a country with high economic growth rates.

So, if the GRDP which projects economic growth in a region continues to increase, this will also make more investors invest, that way if GRDP increases, the higher the amount of investment in that area. The results of this study are in line with previous studies which state that GRDP has a positive influence on PMDN (Domestic Investment), such as research conducted by (Andykha et al., 2018; Astuti, 2018; Romhadhoni et al., 2019).

Table 9. Hypothesis Conclusion

No	Hypothesis	Description
1	There is a significant influence between the inflation rate and GRDP variables on the domestic investment variable in the province of South Kalimantan.	Empirically proven
2	The inflation rate has a negative effect on domestic investment in the province of South Kalimantan.	Empirically proven

3	GRDP has a positive and significant effect on domestic investment in the province of South Kalimantan.	Empirically proven

CONCLUSION

Based on the test results and the discussion described above, the authors conclude that the inflation rate (X1) and GRDP (X2) simultaneously have a significant effect on domestic investment (Y) in the province of South Kalimantan for the 2017-2020 period. Then partially the inflation rate variable (X1) has a negative effect on domestic investment (Y) in the province of South Kalimantan for the 2017-2020 period. This is in accordance with the opinion of Islamic economists that the higher the inflation rate in a region or country, the lower the level of investment in that region or country. This is because as a result of inflation itself, which ultimately makes people tend to accumulate wealth rather than directing their investment to productive things. Meanwhile, the GRDP variable (X2) has a positive and significant effect on domestic investment (Y) in the province of South Kalimantan for the 2017-2020 period. This is in accordance with the theory put forward by Hady, (2004) that one of the motives of investors or multinational companies to invest is to get a high return in a country or region with a high level of economic growth, so if the GRDP of an area continues to increase, the more the amount of investment in the area is also high.

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