VIDYA BHAWAN, BALIKA VIDYAPITH
Shakti Utthan Ashram, Lakhisarai-811311(Bihar)
(Affiliated to CBSE up to +2 Level)

CLASS: VII　　　　SUB.: MATHS (NCERT BASED)　　　DATE: 07-X-2020

Simple Interest

When we borrow some money from the bank then we have to pay some interest to the bank. The money which we borrow is called the **Principal.**

The amount which we have to pay to the bank to use that money is called **interest.**

At the end of the year we return the money to the bank with interest, that money is called **Amount.**

Amount = Principal + interest

$$SI = \frac{P \times R \times T}{100}$$

Where,

SI = Simple interest, P = Principal, R = Rate of Interest, T = time period

Example

Sunita borrows a loan of Rs 5,0000 at 15% per year as the rate of interest. Find the interest she has to pay at end of one year.

Solution

$P = Rs.\ 50000$

$R = 15\%$

$T = 1\ year$

$$SI = \frac{P \times R \times T}{100}$$

$$= \frac{50000 \times 15 \times 1}{100}$$

$$= Rs.\ 7500$$

Total amount to be paid by Sunita at the end of one year = Rs.50000 + Rs. 7500 = Rs.57500.

Interest for multiple years

If we have to calculate the interest for more than one year then we have to change the time period only.

Example

In the above example if Sunita takes the loan for 3 years then what will be the total amount after 3 years?

Solution

$P = Rs.\ 50000$

$R = 15\%$

$T = 3\ year$

$SI = \dfrac{P \times R \times T}{100}$

$\quad = \dfrac{50000 \times 15 \times 3}{100}$

$\quad = Rs.\ 22500$

Total amount to be paid by Sunita at the end of 3 years = Rs.50000 + Rs. 22500 = Rs.72500.