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(Affiliated to CBSE up to +2 Level)

CLASS: VII

SUB.: MATHS

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Simple Interest

Important Terms : The money borrowed or lent out for a certain period of time is called the **principal** or **sum**.

Interest : The additional money paid by the borrower in lieu of the money used by him is called **interest**. **Amount :** The total money paid back to the lender is called **amount**.

Amount = Principal + Interest

Rate : Interest on Rs. 100 for 1 year is called **rate per cent per annum** (abbreviated as rate % p.a.)

Thus, if rate = 9% per annum, then it means that the interest on Rs. 100 for 1 year is Rs. 9.

Simple Interest : If interest is reckoned uniformly on the original principal throughout the loan period then the interest is called **simple interest**, abbreviated as **S.I.**

Formula :

Let Principal = Rs. P, Rate = R% per annum and

Time = T years.

Then, we have

SOLVED EXAMPLES

1. Find the simple interest on Rs. 12000 at 8% p.a. for 3 years. Find the amount also.

Sol. Principal (P) = Rs. 12,000
Time (T) = 3 years
Rate (R) = 8% Per annum
$$S.I. = \frac{12,000 \times 8 \times 3}{100} = Rs. 2,880$$
$$\text{Amount} = 12,000 + 2,880$$
$$= Rs. 14,880$$

2. Rohan deposited Rs. 32000 with a company at 12.5% per annum for 3 years at compound interest. How much interest did he get at the expiry of the period?

Sol. Principal = Rs. 32000
Time = 3 years
Rate = 12.5% per annum
We know that, $A = P(1 + \frac{R}{100})^n$
$$\therefore A = Rs. 32000 \left(1 + \frac{12.5}{100}\right)^3$$
$$= Rs. 32000 \left(1 + \frac{1}{8}\right)^3 = Rs. 32000 \times \frac{9}{8} \times \frac{9}{8} \times \frac{9}{8}$$
$$= Rs. \frac{91125}{2} = Rs. 45562.50$$

\therefore Compound Interest = Rs. (45562.50 – 32000)
= Rs. 13562.50