

SIMPLE INTEREST

Interest is the money paid for the use of money borrowed.

The sum borrowed is called the principal. The sum of interest and principal is called the amount.

If the interest is paid as it falls due, it is called the simple interest (S. I.)

If P is the principal, R is the rate, T is time and S. I. the simple interest, then

$$S. I. = \frac{P \cdot R \cdot T}{100}$$

$$P = \frac{S.I. \cdot 100}{R \cdot T}$$

$$R = \frac{S.I. \cdot 100}{P \cdot T}$$

$$T = \frac{S.I. \cdot 100}{P \cdot R}$$

Some Unsolved Examples -

Example 1- A sum of money amounts to Rs. 944 in 3 years at a simple interest. If the rate of interest be raised by 25 % the sum amounts to 980 during the same period. Find the sum and the rate of interest.

Example 2- Mahajan lends out Rs. 9 on the condition that the loan is payable in 10 months by 10 equal instalments of Rs. 1. Find the rate per cent per annum.

Example 3- A man deposits Rs. 5,600 in a bank at $\frac{3}{4}$ % annual interest. After 6 months he withdraws Rs. 3,200 together with interest and after 6 months he withdraws the remaining money. How much does he get as interest ?

EXERCISE

1. What must will amount to Rs. 720 in 2 years 6 months at 5 % per annum simple interest ?
 (a) Rs. 540 (b) Rs. 640

- (c) Rs. 600 (d) Rs. 700
(e) None of these
2. A certain sum given on simple interest became double in 20 yrs. In how many years will it be four times ?
- (a) 40 years (b) 20 years
(c) 60 years (d) 80 years
(e) None of these
3. Find out the capital required to earn a monthly interest of Rs. 600 per month as 6 % simple interest.
- (a) Rs. 1,00,000
(b) Rs. 1,20,000
(c) Rs. 1,10,000
(d) Rs. 1,30,000
(e) None of these
4. A man derives his income from an investment of Rs. 2,000 at a certain rate of interest and Rs. 1,600 at 2 % higher. The whole interest in 3 yrs. Is Rs. 960. Find the rate of interest.
- (a) $8 \frac{1}{2} \%$ (b) $8 \frac{1}{3} \%$
(c) 8 % (d) $8 \frac{2}{3} \%$
(e) None of these
5. A sum of Rs. 1,550 was lent partly at 5 % and partly at 8 % simple interest. The total interest received after 3 yrs. Was Rs. 300. The ratio of money lent at 5 % to 8 % is :
- (a) 5 : 8 (b) 8 : 5
(c) 31 : 6 (d) 16 : 15
(e) None of these

6. Rs. 793 is divided into three parts as such that their amount after 2, 3, and 4 yrs. May be equal, the rate of interest being 5 %. Find ratio between these parts.
- (a) 10 : 15 : 20
- (b) $\frac{1}{110} : \frac{1}{115} : \frac{1}{120}$
- (c) $\frac{1}{10} : \frac{1}{15} : \frac{1}{20}$
- (d) 110 : 115 : 120
- (e) None of these
7. A trader marks two prices on his goods one for the cash payment and the other at the credit of 1 month. What will be the ratio between the two prices if the rate of simple interest is 4 % per annum ?
- (a) 25 : 26
- (b) 300 : 301
- (c) 12 : 13
- (d) 20 : 21
- (e) None of these
8. A man buys a house and pays Rs. 8,000 cash and Rs. 9,600 at 5 years credit at 4 % per annum simple interest. Find the cash price of the house.
- (a) Rs. 16,000
- (b) Rs. 17,600
- (c) Rs. 9,600
- (d) Rs. 15,000
- (e) None of these
9. Find the simple interest on Rs. 600 from 3rd March to 15th May of a year at 6 % p.a.
- (a) Rs. 3.60
- (b) Rs. 10.80
- (c) Rs. 14.40
- (d) Rs. 7.20
- (e) None of these

10. A sum of Rs. 2,600 is lent in two parts so that the interest on the first part for a period of 3 years at 5 % may be equal to the interest on the second part for 6 years at 4 %. The second part is equal to :

- | | |
|-------------------|----------------|
| (a) Rs. 1,600 | (b) Rs. 1, 300 |
| (c) Rs. 1,000 | (d) Rs. 1, 200 |
| (e) None of these | |

Answer key

1. b

2. c

3. b

4. c

5. d

6. b

7. b

8. a

9. d

10. c

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info@notopedia.com



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