

# Assignment 1

## AI1110: Probability and Random Variables

### Indian Institute of Technology Hyderabad

Aayush Prabhu  
AI21BTECH11002

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### Question 2(b)

Now

**Question:** Shahrukh opened a Recurring Deposit Account in a bank and deposited ₹800 per month for 1.5 years. If he received ₹15,084 at the time of maturity, find the rate of interest per annum.

**Solution:** Let us first bring up the general case.

Total Interest would be the Total amount received minus the Total amount deposited, also Rate of Interest per annum would be Total Interest divided by time in years.

$$I = \frac{12i}{t} \quad (4)$$

$$\Rightarrow I = \frac{12 \times 684}{18} \quad (5)$$

$$\therefore I = 456 \quad (6)$$

$\therefore$  Rate of interest per annum is ₹456

$$\therefore i = r - dt \text{ and } I = \frac{12i}{t}$$

Now the values given in the question are:

$d = ₹800$ ,  $t = 18$  (as 1.5 years is equal to  $1.5 \times 12$  months, i.e 18 months),  $r = ₹15,084$ .

Arranging all these values in a table

Parameter	Symbol	Value
Deposit per month	$d$	₹800
Time(in months)	$t$	18
Total received amount	$r$	₹15,084
Total Interest	$i$ , where $i = r - dt$	To be Calculated
Rate of Interest	$I$ , where $I = \frac{12i}{t}$	To be Calculated

$$\therefore i = 15,084 - (800 \times 18) \quad (1)$$

$$\Rightarrow i = 15,084 - 14,400 \quad (2)$$

$$\Rightarrow i = 684 \quad (3)$$