

Simple Interest

1. *Principal:*

The money borrowed or lent out for a certain period is called the *principal* or the *sum*.

2. *Interest:*

Extra money paid for using other's money is called *interest*.

3. Simple Interest (S.I.):

If the interest on a sum borrowed for certain period is reckoned uniformly, then it is called *simple interest*.

Let Principal = P, Rate = R% per annum (p.a.) and Time = T years. Then

$$(i). \text{ Simple Interest} = \left(\frac{P \times R \times T}{100} \right)$$

$$(ii). P = \left(\frac{100 \times \text{S.I.}}{R \times T} \right); R = \left(\frac{100 \times \text{S.I.}}{P \times T} \right) \text{ and } T = \left(\frac{100 \times \text{S.I.}}{P \times R} \right).$$