

EMI CALCULATION

EQUATED MONTHLY INSTALMENT

FORMULA

$$EMI = \frac{P \times R \times (1 + R)^N}{[(1 + R)^N - 1]}$$

- P = Principle Amount (Loan Required/Sanctioned)
 - R = Rate of Interest per annum
 - for E.g ROI = 8.75%
- Then R = 8.75/12/100= 0.00729166666666667
- N = Repayment Period
(Total number of months Or No. of installments)

For Example

- Loan amount = Rs. 12,00,000

Rate of Interest = 8.75%

Number of years = 20 Yrs i.e. 240 Months

- Then

$$\text{EMI} = \frac{P \times R \times (1 + R)^N}{[(1 + R)^N - 1]}$$

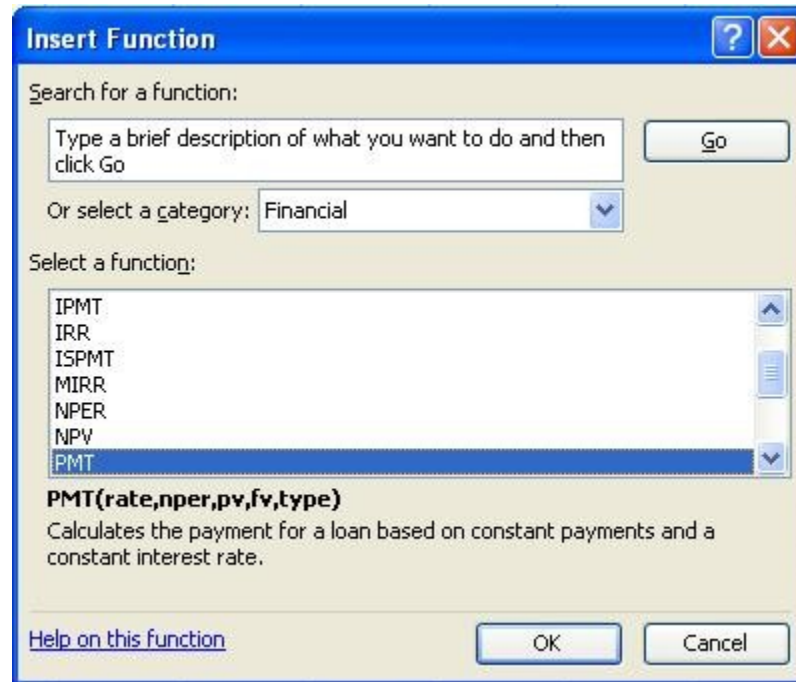
$$R = 8.75/12/100 = \underline{0.00729166666666667}$$

$$\text{EMI} = \frac{12,00,000 \times 0.00729166666666667 \times (1 + 0.00729166666666667)^{240}}{[(1 + 0.00729166666666667)^{240} - 1]}$$

$$\text{EMI} = \underline{\text{Rs. 10,604.83}}$$

Excel Calculation

- Go to Fx and select PMT from Financial.



- $\text{Rate} = 8.75\%/12$
- $\text{Nper} = 240$ months
- $\text{Pv} = \text{Rs. } 12,00,000$
- Press OK.
- Value will Be in **Red**
As **(10,604.53)**

Function Arguments

PMT

Rate = number

Nper = number

Pv = number

Fv = number

Type = number

=

Calculates the payment for a loan based on constant payments and a constant interest rate.

Rate is the interest rate per period for the loan. For example, use 6%/4 for quarterly payments at 6% APR.

Formula result =

[Help on this function](#)

OK Cancel

THANK YOU