

Simple Interest - Important Formulas

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

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

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