

SIMPLE INTEREST

P	• Principal is the money (sum) borrowed or sum lent
I (SI)	• Interest is the money which the lender gets from the borrower, in consideration of the sum used by the borrower
R	• Rate or Rate of Interest is the interest for a fixed period on every Rs 100.
T	• Time period is the time for which the sum (principal) is borrowed or lent. Unit - Years.
A	• Amount is the total of the sum borrowed(Principal) and the interest on it.

$$\text{Amount} = \text{Principal} + \text{Interest} ; A = P + I$$

Relation between Principal (P), rate(R) and time(T) :

$$\diamond I = \frac{P \times T \times R}{100}$$

$$\diamond R = \frac{I \times 100}{P \times T}$$

$$\diamond P = \frac{I \times 100}{T \times R}$$