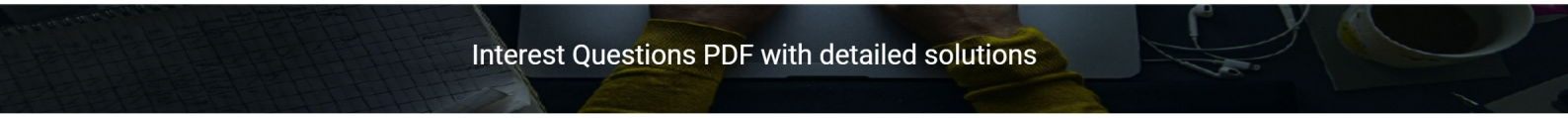

Simple and Compound Interest questions are a major type of questions asked in competitive exams. These questions carry a weightage of 1-2 questions (2-4 marks) in SSC exams and 1-2 questions in bank exams. To get a good rank in competitive exams, you should have a great practice of solving this type of questions as they are calculative and can cost you valuable seconds.

Here are some tips for solving Simple and Compound Interest questions: Clear the basic concepts, Use the appropriate formula as there are many different formulas, Practice with diverse examples to enhance calculation speed. Prioritize clarity and accuracy while solving, as mistakes can be costly and avoid get stuck in hefty calculations, instead use shortcuts and tricks.

So, we have attached 10 questions of Simple and Compound Interest for you to practice with. You should aim to solve these questions in less than half a minute for each.

Practice Questions on Simple and Compound Interest

You can also download the Simple and Compound Interest questions and answers pdf. Just click on the **Download PDF** button. So let's start with the very first question.

Q:1 If the sum invested in the F.A.L.T.U. bank at a 20% rate of interest compounded half yearly is Rs.10000. Find the amount after 1 year.

1. Rs 1100

2. Rs 12100

3. Rs 13310

4. Rs 12000

(**Difficulty:** 2, **Estimated Time:** 15 Seconds) This was an easy one. Did get it right?

Q:2 A sum of money becomes 3 times itself in 10 years under simple Interest. Find the time required for it to be 7 times itself at the same rate.

1. 23.33 years

2. 30 years

3. 35 years

4. 60 years

(**Difficulty:** 2, **Estimated Time:** 15 Seconds) Another piece of cake....Let's score more!

Q:3 If the total amount invested by Ram for a year was Rs. 60,000. He invested half of the amount on compound interest at the rate of 8% and the rest of the amount was invested by him at simple interest at 12%. What will be the total interest he gets at the end of the year?

1. Rs. 6000

2. Rs. 8000

3. Rs. 10000

4. Rs. 15000

(**Difficulty:** 3, **Estimated Time:** 20 Seconds) This was not a simple one, don't get stuck in unnecessary calculations!

Q:4 'A' invested Rs. 14000 for 2 years at 10% per annum simple interest. He invested the same amount for 1.5 years with the same interest rate but compounded half-yearly. Find the difference between the simple interest and compound interest earned by him.

1. Rs. 4876.54

2. Rs. 593.25

3. Rs. 5912.05

4. Rs. 4130

(**Difficulty:** 4, **Estimated Time:** 25 Seconds) It is not an easy one but I think now you're prepared for it.

Q:5 If the amount on a certain principal in 3 years at a 12% rate of interest compounded annually is Rs 12,000, then what will be the amount (in Rs) after the 4th year?

1. 14330

2. 15440

3. 13440

4. 14550

(**Difficulty:** 3, **Estimated Time:** 20 Seconds) We're halfway through. Have you got all your questions correct so far?

Q:6 Rs.8000 invested in compound interest at a particular rate for 2 years yields an interest of Rs 1504.8. What will be the interest received on Rs.10000 invested for three years?

1. Rs 2780.39

2. Rs 2850.49

3. Rs 2950.29

4. Rs 3040.59

(**Difficulty:** 3, **Estimated Time:** 20 Seconds) Should we raise the level of questions?

Q:7 A sum of money on compound interest amounts to Rs. 5600 in 2 years and Rs. 6890 in 3 years. What is the rate of interest per annum?

1. 15.42%

2. 18.97%

3. 23.04%

4. 11.23%

(**Difficulty:** 2, **Estimated Time:** 15 Seconds) This is a common question! You might have done it in 10 seconds

Q:8 An amount of Rs.9000 becomes Rs.10080 in 2 years at simple interest. Find the interest amount when it is compounded annually for 2 years.

1. Rs.1200

2. Rs.1112.40

3. Rs.1000

4. Rs.1300

(**Difficulty:** 3, **Estimated Time:** 20 Seconds) The time is ticking. Hurry up!

Q:9 A sum of money lent out of simple interest amounts to Rs. 890 after 2 years and to Rs. 1,420 after a further period of 5 years. Find the interest rate.

1. 13.56%

2. 21.65%

3. 15.63%

4. 12.24%

(**Difficulty:** 4, **Estimated Time:** 25 Seconds) Practice and get fast with your calculations!

Q:10 Reema took a loan of Rs 42000 with simple interest for the same number of years as the interest rate, if she paid Rs 4320 as interest at the end of the loan period, what was the rate of interest?

1. 3.2%

2. 4.8%

3. 5.7%

4. 2.4%

(**Difficulty:** 3, **Estimated Time:** 20 Seconds) Did you guess them all correctly?

Answer Key

Let's check out your score in this test.

1. (2)	**2.** (2)	**3.** (1)	**4.** (2)	**5.** (3)
6. (3)	**7.** (3)	**8.** (2)	**9.** (3)	**10.** (1)

Comment below your score, considering each question has 1 mark only. If you scored 8 to 10, congratulations! You are one step closer to selection. If you have scored 5 to 8 marks, then you are doing well, keep it up. If you have scored less than 5 marks then you need to work a little harder on this subject. But don't worry, we are here to help you master the subject.

Let's check the answers and solutions and try to find out what went wrong.

Answers and Solutions

Q:1 The correct answer is **Option 2** i.e. **Rs 12100.**

Here, the interest is compounded half-yearly, so the rate of interest is halved and the period of time is doubled.

Thus, P = Rs.10000

n = 2 years

Rate of interest = 20/2 = 10%

Thus,

Amount = $10000\ (1 + 10/100)^2$

$\Rightarrow 10000 \times 110/100 \times 110/100$ = Rs.12100

Q:2 The correct answer is **Option 2** i.e. **30 years.**

Let the principal be P, r is rate and t is time,

Amount after 10 years = 3P

Simple Interest = A – P = 3P – P = 2P

Now, Simple Interest = (P × r × t)/100

⇒ 2P = (P × r × 10)/100

⇒ r = 20%

Interest when the amount becomes seven times, 7P – P = 6P

⇒ 6P = (P × 20 × t)/100

⇒ t = 30 years

Q:3 The correct answer is **Option 1** i.e. **Rs. 6000.**

Total amount invested = Rs.60000

Amount invested on Compound Interest (p) = Rs. 60000/2 = Rs.30000

Rate (r)= 8% and, Time (t) = 1 year

C.I. = $P(1 + r/100)^t$ - P

⇒ $30000(1 + 8/100)^1$ - 30000 = (32400 - 30000) = Rs.2400

Amount invested on Simple Interest (P)= (60000 - 30000) = Rs.30000

Rate (r) = 12% and, Time (t) = 1 year

S.I. = PRT/100 = 30000 × 12 × 1/100 = Rs. 3600

Total interest = (2400 + 3600) = Rs.6000

Q:4 The correct answer is **Option 2** i.e. **Rs.593.25.**

Simple Interest = PRT/100

Principal = Rs. 14000, Time = 2 years, and Rate = 10%

Simple Interest = (14000 × 10 × 2)/100 = Rs. 2800

Compound Interest is calculated half-yearly, the rate of interest = 10/2 = 5% = 1/20

New time duration = 2 × 1.5 = 3

⇒ C.I. = $P(1 + R/100)^T$ - P

⇒ C.I. = $14000(1 + 5/100)^3$ - 14000

⇒ C.I. = $14000(21/20)^3$ - 14000

⇒ C.I. = (129654000/8000) - 14000 = (16206.75 - 14000)

⇒ C.I. = Rs. 2206.75

Required difference = (S.I. - C.I.) = (2800 - 2206.75) = Rs.593.25

Q:5 The correct answer is **Option 3** i.e. **13440.**

Amount = Principal + Interest

Amount in 4th year at the rate of 12% will be

Amount = 12000 + (12/100) × 12000

Amount = (12000 + 1440)

Amount = Rs.13440

Q:6 The correct answer is **Option 3** i.e. **Rs.2950.29.**

Interest = Principle × $\{(1 + r)^n - 1\}$ [r% = r]

⇒ $1504.8 = 8000 \times (r^2 + 2r)$

⇒ $1504.8/8000 = (r^2 + 2r)$

⇒ $0.1881 = r^2 + 2r$

⇒ $1.1881 = (r + 1)^2$

⇒ $1.092 = (r + 1)^2$

⇒ r + 1 = 1.09

∴ r = 0.09

Rate of interest = 9%

Interest for three years = $10000 \times \{(1 + 0.09)^3 - 1\}$ = Rs 2950.29

Q:7 The correct answer is **Option 3** i.e. **23.04%.**

A sum of money on compound interest amounts to Rs. 5600 in 2 years and Rs.6890 in 3 years

In the case of compound interest -

Rate = [{Amount of $(n + 1)^{th}$ year/Amount of $(n)^{th}$ year} × 100] - 100

R = [(6890/5600) × 100] - 100

R = 123.04 - 100 = 23.04%

Q:8 The correct answer is **Option 2** i.e. **Rs.1112.40.**

Principal = Rs.9000

Interest amount= Rs.(10080 - 9000) = Rs.1080

Per year interest amount = Rs.(1080/2) = Rs.540

In C.I

Time = 2 years

$\Rightarrow A = P (1 + r/100)^t$

Rate of interest = (540/9000) × 100 = 6% p.a.

So,

$\Rightarrow A = 9000 (1 + 6/100)^{1 \times 2}$

$\Rightarrow A = 9000 (106/100)^2$

$\Rightarrow A = 9000 (1.06)^2$

$\Rightarrow A = 9000 (1.1236)$ = Rs.10112.4

Interest amount = (10112.4 - 9000) = Rs.1112.40

Q:9 The correct answer is **Option 3** i.e. **15.63%.**

Amount after 2 year = Rs. 890

Amount after further 5 years = Rs. 1420

Amount after (5 + 2) i.e. 7 years = Rs. 1420

Simple interest in (7 - 2) i.e. 5 years = (1420 - 890) = Rs. 530

Simple interest in 1 year = (530/5) = Rs. 106

Simple interest in 2 years = 2 × 106 = Rs. 212

Amount = Sum + Interest

Required sum = 890 - 212 = Rs. 678

Let the rate of interest be r%

Interest = (Sum × Time × rate of interest)/100

⇒ (678 × r × 2)/100 = 212

⇒ (678 × r)/100 = 106

⇒ r = 15.63%

Q:10 The correct answer is **Option 1** i.e. **3.2%.**

Principal = Rs. 42000

Simple interest = PRT/100 = Rs. 4320

The rate of interest on the loan and the time for which the loan is taken are the same i.e. x

ATQ -

⇒ PRT/100 = 4320

⇒ (42000 × x × x)/100 = 4320

⇒ $420x^2 = 4320$

⇒ $x^2 = 4320/420$

⇒ x = 3.2

Rate of interest = 3.2%

So, this is it for today. We will meet again with another new topic. Till then, you can practice the questions again by downloading the PDF of Simple and Compound Interest.