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). Simple Interest = \( \frac{P \times R \times T}{100} \)

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