

Compound interest test

Q1. Albert invested an amount of Rs. 8000 in a fixed deposit scheme for 2 years at compound interest rate 5 p.c.p.a. How much amount will Albert get on maturity of the fixed deposit?

- (a) Rs. 6060 (b) Rs. 8788 (c) Rs. 8800 (d) Rs. 8820

Q2. The effective annual rate of interest corresponding to a nominal rate of 6% per annum payable half-yearly is:

- (a) 6.06% (b) 6.07% (c) 6.08% (d) 6.09%

Q3. At what rate of compound interest per annum will a sum of Rs. 1200 become Rs. 1348.32 in 2 years?

- (a) 6% (b) 6.5% (c) 7% (d) 7.5%

Q4. The principal amount that becomes Rs. 4913 in 3 years at interest rate of $25\frac{1}{4}\%$ per annum when interest is compounded annually is:

- (a) Rs. 4306 (b) Rs. 4396 (c) Rs. 4096 (d) Rs. 4809

Q5. The difference between the compound interest and simple interest on certain sum at 10% per annum for 2 years is Rs. 631. What is the sum?

- (a) Rs. 42160 (b) Rs. 63100 (c) Rs. 56000 (d) Rs. 68000

Q6. The simple interest on certain sum for 2 years is Rs.160 and compound interest at same rate of interest is Rs.168. What is the sum & Rate of interest?

- (a) Rs. 1000, 11% (b) Rs. 800, 10% (c) Rs. 1600, 8% (d) Rs. 1200, 12.5%

Q7. My cousin lends me Rs.10 lakhs for studying in United States at 8% compound interest per annum, during the course period of 2 years and at 12% per annum after completion of my studies. If I return 50% of the amount which is to be returned on completion of studies, and the remaining after one year, how much interest must I pay him during the whole period in Lakhs?

- (a) Rs. 2 Lakhs (b) Rs. 2.36 lakhs (c) Rs. 2.56 lakhs (d) 3 lakhs

Q8. A man deposited Rs.40,000 in a bank at 10% per annum interest compounded yearly. Now after two years, the government comes out with a law that any annual interest greater than Rs.2500 will be taxed at the end of the year. Also, the rate of interest is decreased to 8%. How much should the man withdraw now so as, not to pay tax at the end of the year?

- (a) Rs. 24000 (b) Rs. 25000 (c) Rs. 18175 (d) Rs. 17150

Q9. A certain sum becomes 8 times itself in 3 years under compound interest, interest being compounded annually. How many years would the sum takes to become 64 times itself?

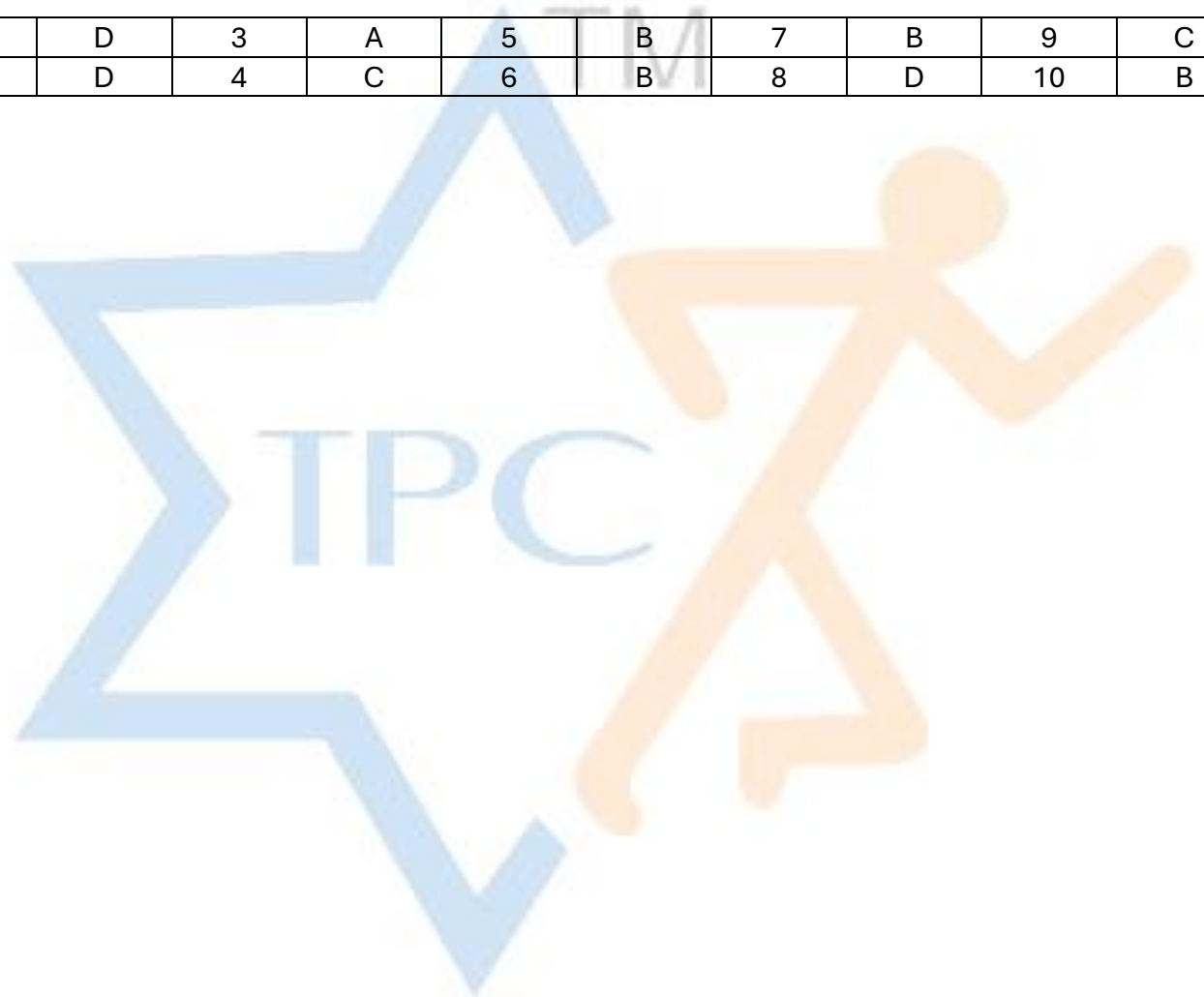
- (a) 4 years (b) 5 years (c) 6 years (d) 8 years

Q10. The least number of complete years in which a sum of money put out at 20% compound interest will be more than doubled is:

- (a) 3 (b) 4 (c) 5 (d) 6

Answer key

1	D	3	A	5	B	7	B	9	C
2	D	4	C	6	B	8	D	10	B



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