2007 MBA - SIMPLE AND COMPOND INTEREST QUESTION PAPER

TIME – 3HOUR

MARK – 100

Question 1 of 25
Robin lend out Rs. 9 on the condition that the loan is payable in 10 months by 10 equal installments of Re. 1 each. Find the rate of interest per annum.

1. 22 %
2. 25 %
3. 26 %
4. 28 %

Mark for revision | Unmark
Question 2 of 25
A loan of Rs. 2000 is to be paid back in 3 equal annual installments. How much is each installment, to the nearest whole rupee, if the interest is compounded annually at 12½ % p.a.?

1. Rs. 750
2. Rs. 790
3. Rs. 810
4. Rs. 840

Mark for revision | Unmark
Question 3 of 25
A milk man borrowed Rs. 2, 500 from two money lenders. For one loan, he paid 5% p.a. and for the other, he paid 7% p.a. The total interest paid for two years was Rs. 265. How much did he borrow at 5% and 7% respectively?

1. Rs. 2125, Rs. 575
2. Rs. 2275, Rs. 425
3. Rs. 2125, Rs. 375
4. None of these

Mark for revision | Unmark
Question 4 of 25
A sum of Rs. 1230 is borrowed at 5% C.I. interest for 2 years on the condition that it is refunded in 2 equal installments- one at the end of the first year & the other at the end of the second. Find the amount of each installment?

1. Rs. 637.50
2. Rs. 655.50
3. Rs. 661.50
4. None of these

Mark for revision | Unmark

Question 5 of 25
Simple interest on a certain sum of money for 4 years at 4% per annum exceeds the compound interest on the same sum for 3 years at 5 percent per annum by Rs. 228. Find the sum

1. Rs. 96000.
2. Rs. 86000
3. Rs. 81000
4. Rs. 91000

Mark for revision | Unmark
Question 6 of 25
Three persons Amar, Akbar and Anthony invested different amounts in a fixed deposit scheme for one year at the rate of 12% per annum and earned a total interest of Rs. 3,240 at the end of the year. If the amount invested by Akbar is Rs. 5000 more than the amount invested by Amar and the amount invested by Anthony is Rs. 2000 more than the amount invested by Akbar, what is the amount invested by Akbar?

1. Rs. 12,000
2. Rs. 10,000
3. Rs. 7,000
4. Rs. 5000

Mark for revision | Unmark
Question 7 of 25
A certain amount compounded annually after 10 years becomes 5120 and after 16 years becomes 10,000. What was the original amount?

1. Rs. 1677
2. Rs. 1177
3. Rs. 2077
4. Rs. 2177

Mark for revision | Unmark
Question 8 of 25
Vankatlal takes money from the employees cooperative society at lower rate of interest and saves in a scheme, which gives him a compound interest of 20%, compounded annually. Find the least number of complete years after which his sum will be more than doubled?

1. 2 years
2. 4 years
3. 6 years
4. 8 years

Mark for revision | Unmark
Question 9 of 25
The S.I. on a certain amount will be of the principal after a certain number of years. If the interest is Rs. 385.50 at the end of the second year, find rate of interest per annum?

1. 15%

2. 14%
3. 13%
4. Data Insufficient

Mark for revision | Unmark
Question 10 of 25
Ram invests a certain amount of money and earns a Compound Interest of Rs. 420 in the second year and a C.I. of Rs. 462 in the third year. Calculate at what rate of interest did Ram invest?

1. 9%
2. 10%
3. 11%
4. None of these

Mark for revision | Unmark
Question 11 of 25
A man borrowed same money every year at 10% C.I. If at the end of 3 years, he pays Rs. 2641, how much money had he borrowed each year?

1. Rs. 695.25
2. Rs. 725.35
3. Rs. 755.45
4. None of these

Mark for revision | Unmark
Question 12 of 25
A money lender borrows money at 4% per annum and pays the interest at the end of the year. He lends it at 6% p.a. compounding half-yearly & receives the interest at the end of the year. In this way he gains Rs. 104.50 in that year. How much money does he borrow?

1. Rs. 4850
2. Rs. 4500
3. Rs. 5000
4. Rs. 5200

Mark for revision | Unmark
Question 13 of 25
Find the present worth of Rs. 481.25 due 2 years hence, reckoning simple interest at 4 percent per annum. Also, what is the discount?

1. Rs. 437.50, Rs. 43.75
2. Rs. 437, Rs. 42.15
3. Rs. 481.25, Rs. 44.75
4. Rs. 560.875, Rs. 45.25

Mark for revision | Unmark
Question 14 of 25
Mr. X, a very industrious person, wants to establish his own unit. For this he needs an instant loan of Rs. 5,00,000 and, every five years he requires an additional loan of Rs. 100,000. If he had to clear all his outstanding in 20 years, and he repays the principal of the first loan equally over the 20 years, find what amount he would have to pay as interest on his initial borrowing if the rate of interest is

10% p.a. simple Interest?

1. Rs. 560,000
2. Rs. 540,000
3. Rs. 525,000
4. Rs. 500,000

Mark for revision | Unmark
Question 15 of 25
Sam buys a house for Rs. 23000. There is a ground rent of Rs. 500 a year, and annual repairs come on an average to 1½% on the purchase price of the house. At what monthly rent must he leave the house so as to get a return of 8% per annum on the purchase price?

1. Rs. 215.50
2. Rs. 223.75
3. Rs. 227.25
4. Rs. 231.50

Mark for revision | Unmark
Question 16 of 25
Two equal sums are lent at the same time at 9% and 8% simple interest respectively. The former is recovered 6 months earlier than the later, and the amount in each case is Rs. 17680. Find the times for which they are lent. (in years)

1. 3, 3½
2. 3½, 4
3. $4, 4½
4. 5, 5½
5. 4, 5½

Mark for revision | Unmark
Question 17 of 25
A sum of money at C.I. doubles in 1 year. In how many years will it amount to 8 times itself?

1. 8
2. 16
3. $10
4. 3
5. 7

Mark for revision | Unmark
Question 18 of 25
The sum is invested at compound interest payable annually. The interest in two successive years starting from first year was Rs. 500 and Rs. 540. The sum is :

1. Rs. 5600
2. Rs. 3750
3. Rs. 6250
4. Rs. 5000

Mark for revision | Unmark
Question 19 of 25
A father left a will that his capital of Rs. 18750 should be divided between his two sons aged 12 years and 14 years respectively, so that when they attained majority at the age of 18 years; the amounts received by each at 5% simple interest were the same. Find the sum allotted to elder son?

1. Rs. 9750
2. Rs. 9450
3. Rs. 9000
4. Rs. 8700

Mark for revision | Unmark
Question 20 of 25
Two equal sums are lent at the same time at 6% and 5% simple interest respectively. The former is received 2 years earlier than the later, and the amount in each case is Rs. 2400. Find the sum?

1. Rs. 1500
2. Rs. 1550
3. Rs. 1750
4. None of these

Mark for revision | Unmark
Question 21 of 25
Seema closes her account in an investment option scheme by withdrawing Rs. 10,000. One year ago she had withdrawn Rs. 6,000. Two years ago she had withdrawn Rs. 5,000. Three years ago she had not withdrawn any money. How much money had she deposited (approx) at the time of opening the account 4 years ago, given the annual simple interest is 10%?

1. Rs. 19,690
2. Rs. 16,500
3. Rs. 15,600
4. Rs. 18,030

Mark for revision | Unmark
Question 22 of 25
The sum of Rs. 725 is borrowed at the beginning of a year at interest. After 8 months have passed Rs. 362 ½ more is borrowed at a rate of interest double that at which the former sum bears. At the end of the year, the sum of interest on both loans is Rs. 43.50. What is the first rate of interest per annum?

1. 3.5%
2. 4.5%
3. 5%
4. 5.5%

Mark for revision | Unmark
Question 23 of 25
Divide Rs. 6000 into two parts so that S.I. on the first part for 2 years at 6% p.a. may be equal to the simple interest on the second part for 3 years at 8% p.a.

1. 4000, 2000

2. 3500, 2500

3. 3800, 2200

4. None of these

Mark for revision | Unmark
Question 24 of 25
On a sum of Rs. 1000, the C.I. for 2 years is twice the S.I. for 2 years when the rate is 11%. Find the rate at which the interest is compounded annually?

1. 10%

2. 15%

3. 20%

4. 25%

Mark for revision | Unmark
Question 25 of 25
In order to buy a car, a man borrowed Rs. 180,000 on the condition that he had to pay 7.5% interest every year. He also agreed to repay the principal in equal annual installments over 21 years. After a certain number of years, however, the rate of interest has been reduced to 7%. It is also known that at the end of the agreed period, he will have paid in all Rs. 270,900 in interest. For how many years does he pay at the reduced interest rate?

1. 7 years

2. 12 years

3. 14 years

4. 16 years