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NPTEL

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Courses » Time value of money-Concepts and Calculations

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Unit 2 - Week 1

Course outline

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Week 1

- Introduction
- Interest Rates
- Simple Interest
- Compounding Techniques- 1 & 2
- Week 1 Assignment 1 Solution
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Week 1 Assignment 1

The due date for submitting this assignment has passed. **Due on 2016-09-14, 23:00 IST**
As per our records you have not submitted this assignment.

1) To earn simple interest of Rs 600 @ interest rate 1.5% on yearly basis for 3 years. Calculate **1 point** the amount to be deposited (Rs.)?

- Rs. 12333
- Rs. 13333
- Rs. 14333
- Rs. 15333

No, the answer is incorrect.

Score: 0

Accepted Answers:

Rs. 13333

2) Rs. 5000 is charged as simple interest, where rate is equal to the time for which the amount **1 point** has been borrowed. He paid Rs 5450 at the end of the loan period. What was the interest rate?

- 2 %
- 4 %
- 3 %
- 5 %

No, the answer is incorrect.

Score: 0

Accepted Answers:

3 %

3) A financier finances Dinesh simple interest @ 5 % on Rs.75000. But after four **2 points** months financier increases the interest rate by 1.5% and charges the increased interest rate on the present value at the end of fourth month. How much Dinesh will pay at the end of 2 years?

- Rs. 80260.42
- Rs. 81260.42
- Rs. 82260.42
- Rs. 83260.42

No, the answer is incorrect.

Score: 0

Accepted Answers:

Rs. 83260.42

4) Rishi has a close friend Shammi, Shammi needs Rs 975 for education purpose so **3 points** he borrows money from Rishi, but being a friend Rishi charges Shammi 0 % interest rate , but as we

know due to inflation he will incur some losses. So in order to nullify its loss he lends Rs 900 to his another friend Shashi at some interest rate. The time period is 1 year for both the persons. Find the interest charged by Rishi to Shashi in order to have zero loss and zero profit. The inflation rate is 5 % per annum (p.a.).

- 5.417 %
- 6.417 %
- 5.427%
- 6.427%

No, the answer is incorrect.

Score: 0

Accepted Answers:

5.417 %

5) For nominal interest rate of 10% annually, if the inflation rate is 3%, then what will be the % real interest rate and for the calculated real interest rate, determines the % periodic interest rate if compounding is semi-annual? 1 point

- 3.5%, 7%
- 7.12%, 7%
- 7%, 7.12%
- 7%, 3.5%

No, the answer is incorrect.

Score: 0

Accepted Answers:

7%, 3.5%

6) Kishan borrows Rs. 6000 for 1 year at simple interest of 4% p.a.. But when he found sufficient money with him, he immediately lends it to another person for 1 year @ 4 % compounded semiannually. Find his gain in the transaction per year (Rs). Solve the problem using the concept of ieff. 2 points

- Rs. 6242.40
- Rs. 240.00
- Rs. 6240.00
- Rs. 2.40

No, the answer is incorrect.

Score: 0

Accepted Answers:

Rs. 2.40

7) To carry out her studies abroad Saloni took an education loan of Rs. 1 lakhs with some nominal interest rate p.a. for 2 years. If she paid Rs 20,000 as simple interest at the end of the loan period, what was the rate of interest? And if compounding is quarterly what will be the effective interest (ieff) rate? 2 points

- 21.48%, 10%
- 10.38%, 10%
- 10%, 21.84%
- 10%, 10.38%

No, the answer is incorrect.

Score: 0

Accepted Answers:

10%, 10.38%

8) A sum of money at some interest rate is about Rs. 1250 in 2 years (based on simple interest) and the same amount is Rs. 1375 in 3 years for same nominal interest rate, what will be this amount after 4 years? 2 points

- Rs. 500
- Rs. 1500



- Rs. 250
- Rs. 375

No, the answer is incorrect.

Score: 0

Accepted Answers:

Rs. 1500

9) An amount of money was lent by a student. The sum of money amounts to Rs.5000 after 5 years. What is the real rate of interest per annum, if inflation rate is 5%? **2 points**

- 5%
- 6%
- 5.25%
- data is insufficient

No, the answer is incorrect.

Score: 0

Accepted Answers:

data is insufficient

10) Ashok lent Rs 5000 to Pritam simple interest for his start-up at certain interest rate, but after 6 months Pritam needed more money as some wrong calculations were being performed by him for his start-up. So he borrow same amount as earlier but this time Ashok charged him double interest rate on annual basis. At the end of the year Ashok gets 450 as interest. At what interest rate he lent the money? **0 points**

- 4%
- 5%
- 6%
- 7%

No, the answer is incorrect.

Score: 0

Accepted Answers:



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