

## COMPOUND INTEREST

**Prior Knowledge:** Simple Interest, Rate of interest (percentages), Power Solving

**Learning Objectives:**

1. Students will know what compound interest is
2. Students will be able to differentiate between simple and compound interests.
3. Students will analyze which type of deposit to select.
4. It will improve students' financial awareness.
5. Students will know that compound interest increases exponentially.

**Teacher Activity:**

1. Pretest
2. The teacher will ask what they know about simple interest
3. The teacher will ask students whether they know about loans or profit and fund schemes etc.
4. The teacher will discuss power and do a small activity about it using a calculator or pen-paper.

**Student Activity:**

1. Students will search about various schemes or deposits where interest is given or taken and analyze whether they are simple or compound interest.
2. Find the formula from either the internet or a book for simple interest and compound interest.
3. Students will search on the internet or go to the nearby nationalized bank and cooperative bank, then compare their interest rates for loans or deposits.

**For Deposit**

- A. Collect the rates from a nationalized bank and cooperative bank for a Fixed Deposit.
- B. Calculate the maturity amount for different Deposit amounts (principal) and time of deposit
- C. Analyze

**For Loans**

- A. Collect the rates from a nationalized bank and cooperative bank for a Loan.
- B. Calculate the total amount to pay (interest + principal) for different Loans and time for which the loan is taken.
- C. Analyze

**Procedure:**