B.C.M.SCHOOL, BASANT AVENUE, LUDHIANA

IX IFM Ans.Key Nov.Assignment 2025

Chapter 8,9

Q1 — Disposable income = spending + saving(s).

(Disposable income = consumption/spending + savings.)

Q2 — In simple interest calculation, interest is calculated on the interest accrued during the term of deposit.

False. That describes compound interest. In simple interest, interest is only on the principal.

Q3 — Goals come from your

b) Values.

(Values shape what you want; thoughts/ideas can lead to goals, but core source is values.)

Q4 — Short term goals are dependent on long term goals.

True. Short-term goals often act as stepping stones toward long-term goals.

Q5 — Money saved is money earned. — Explain:

Saving converts part of your income into retained resources. If you reduce expenses (save ₹100), it's effectively like earning an extra ₹100 because your net available resources rise by that amount. So saving increases your effective wealth even if it isn't additional income — it's deferred consumption and works like extra "earnings" for your future.

Q6 — Describe the term "The Rule of 72"

The Rule of 72 is a quick way to estimate how many years it takes an investment to double: Years to double ≈ 72 ÷ (annual interest rate %).

Example: at 6% → 72 ÷ 6 = 12 years (approx).

Q7 — Why should the goals be challenging?

Because challenging goals:

Increase motivation and effort,

Stretch skills and promote growth,

Avoid complacency, and

Produce greater achievement when met.

(They should still be realistic — difficult but doable.)

Q8 — How is the goal of John F. Kennedy a SMART goal?

JFK's moon goal ("land a man on the Moon and return him safely to Earth before this decade is out") fits SMART:

Specific: Land a man on the Moon and return him safely.

Measurable: Success can be observed (moon landing + safe return).

Achievable: Technically very hard but possible with focused resources.

Relevant: National priorities (science, Cold War competition).

Time-bound: By the end of the 1960s (clear deadline).

Q9 — How goals are achieved? (simple process)

1. Define a SMART goal.

2. Break into smaller tasks (milestones).

3. Make a plan and set priorities.

4. Take consistent action.

5. Monitor progress and measure results.

6. Adjust the plan if needed.

7. Celebrate milestones to stay motivated.

Q10 — Calculate Simple and Compound Interest for 4 years (P = ₹9,000, r = 7% p.a.) — which is better?

Simple interest (SI) calculation — step by step

SI = 90000*7*4/100

So Simple Interest = ₹2,520.

Amount after 4 years = Principal + SI = ₹9,000 + ₹2,520 = ₹11,520.

Compound interest (annual compounding) — step by step

Amount

₹11,797.16.

Compound interest earned = Amount – Principal = 11,797.16 – 9,000 = ₹2,797.16 (approx).

Comparison:

Simple interest earned = ₹2,520

Compound interest earned = ₹2,797.16

Compound interest gives more; difference = ₹2,797.16 − ₹2,520 = ₹277.16 (approx).

So for this case (7% for 4 years), compound interest is better — it yields about ₹277 more.