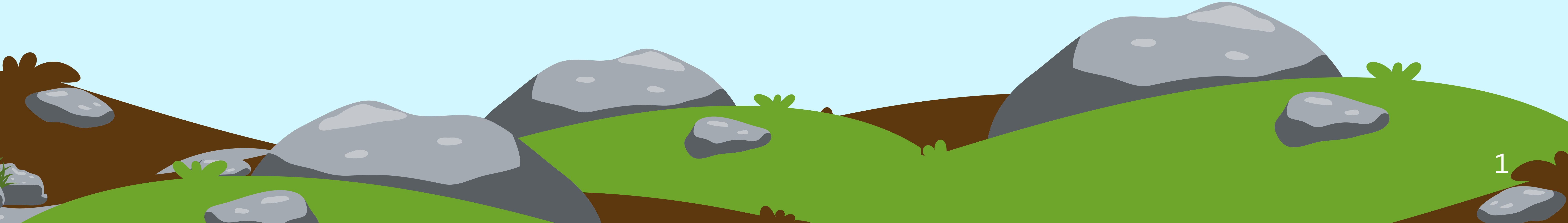
Lending with the Lion and the Mouse

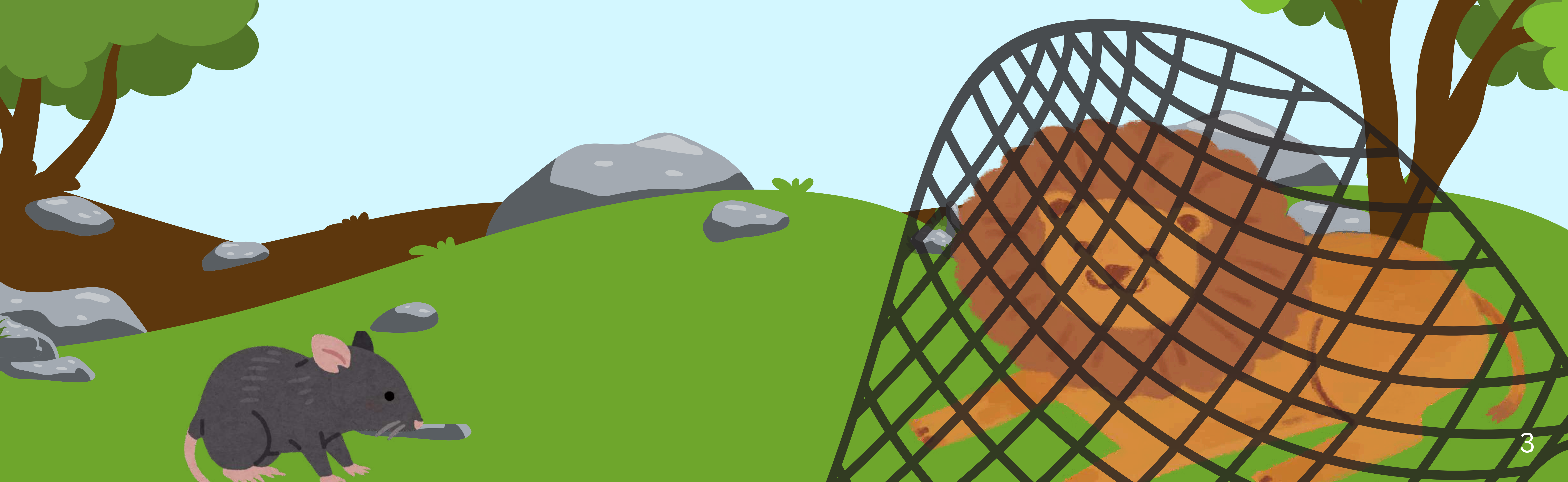
WORD BANK

- **Lender:** Someone who gives money or resources to another person temporarily.
- **Borrower:** Someone who takes money or resources and promises to return them.
- **Loan:** The money or resource borrowed.
- **Interest:** Interest is extra money you earn for saving or pay for borrowing.
- **Repayment:** Returning the borrowed money or resource, as agreed.
- **Loan Agreement:** A plan or promise about how the loan will be handled.



Once upon a time, in a peaceful forest, a mighty lion named Leo and a clever little mouse named Mia lived as neighbors.

One day, while Leo was napping under a tree, he got caught in a hunter's net. He roared loudly, but no one except Mia heard him. Despite being small, Mia was brave and clever. She ran up to Leo and said, "Don't worry, Leo! I'll help you!"



Using her sharp teeth, Mia gnawed at the ropes, freeing Leo.

Leo thanked her, saying, "I didn’t think someone as small as you could help me."

Mia replied, "Sometimes, the smallest friend can make a big difference! Maybe one day, I’ll need your help too."

A few months later, heavy rains flooded Mia's little burrow. She needed a dry, safe place to stay but had nowhere to go. So, she visited Leo's cozy cave.

"Leo," she said, "Can I borrow your cave for a week? I promise I'll take good care of it and return it as soon as my burrow is dry."

Leo thought for a moment and said, "Alright, Mia. You can stay in my cave, but remember, this is a loan. You must return it in the same condition as when I gave it to you."

This was their **loan agreement.**

In the real world, the situation is similar to borrowing money.

Lender and Borrower:

- Leo was the lender because he allowed Mia to use his cave.
- Mia was the borrower because she used something that belonged to Leo.

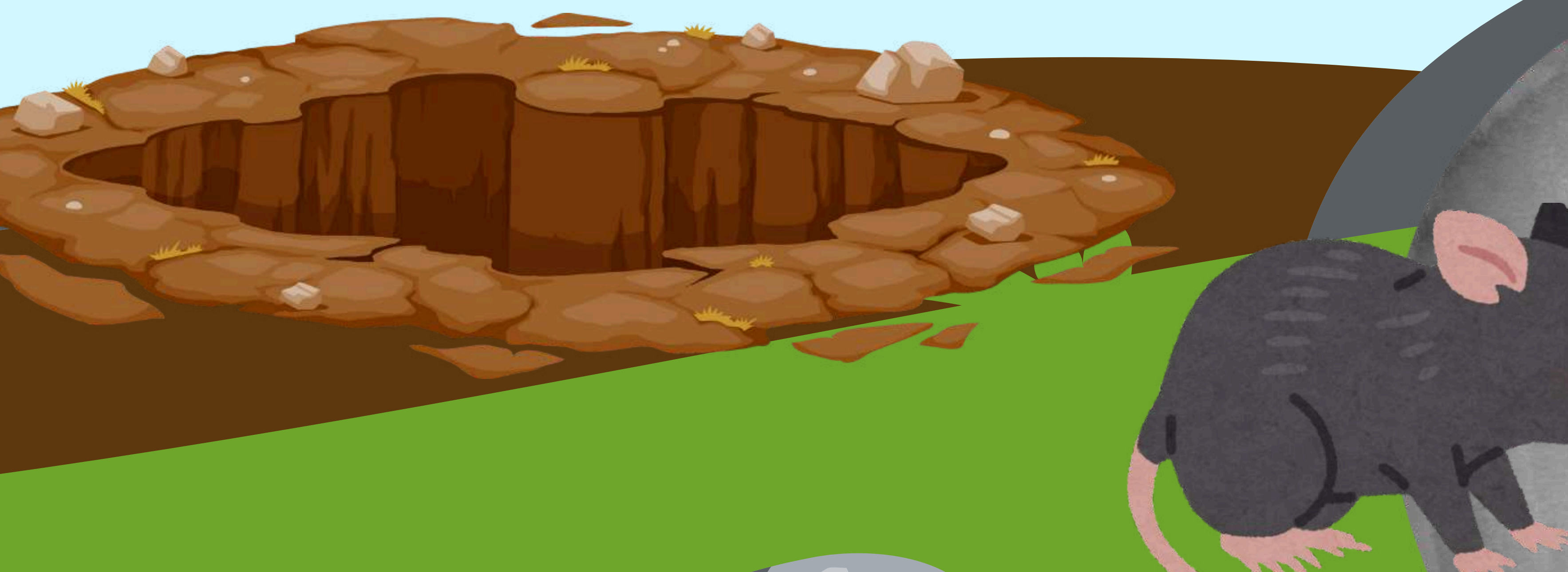
Loan Agreement:

- Mia promised to use the cave responsibly and return it after a week.
- This is like a financial loan agreement, where the borrower promises to repay the lender.

After a week, Mia’s burrow was dry, and she returned to Leo’s cave. "Thank you, Leo! Your cave kept me safe!" she said.

Leo inspected the cave and nodded. "You kept it clean and returned it on time. I’m proud of you, Mia."

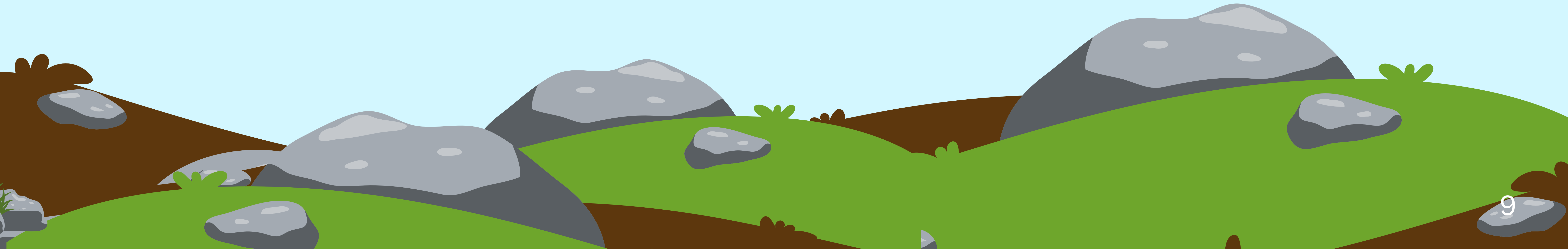
In financial terms, this is called repayment–returning what was borrowed.



THE ROLE OF INTEREST

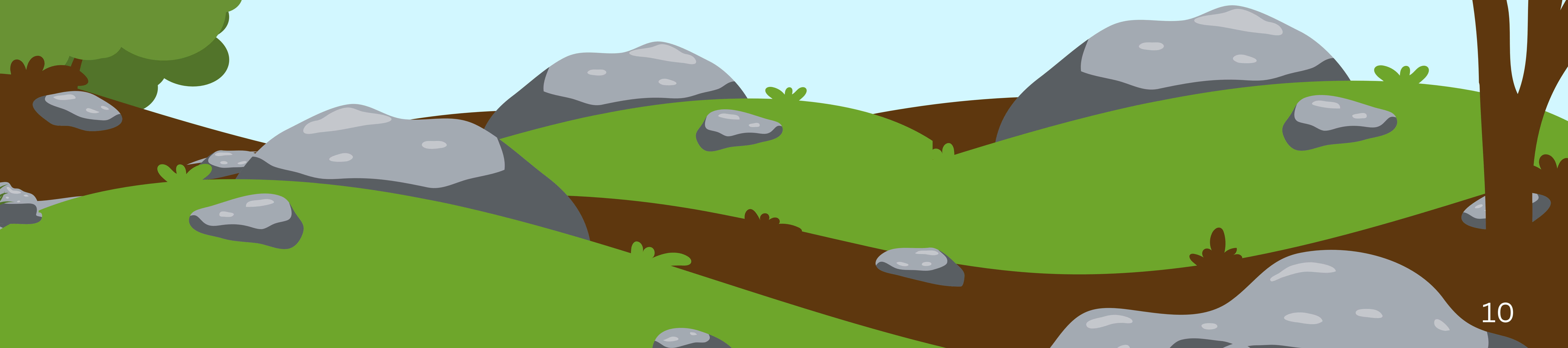
Now imagine if Leo had asked for something extra, like a small gift, in return for using his cave. That extra gift would be like interest, an additional amount borrowers pay lenders for letting them use something valuable.

For example, if Mia borrowed 10 coins from Leo and promised to return 12 coins, the extra 2 coins would be the interest.



Lending isn't just about money, it's about trust and responsibility. Mia proved that even small borrowers can be responsible, and Leo showed that being a good lender can strengthen relationships.

When done right, lending helps everyone. Borrowers get what they need. Lenders gain trust or even extra rewards like interest.



QUIZ TIME

1. What is a loan?

A. A gift that you don't need to return
B. Something borrowed and promised to be returned
C. A place to live forever
D. Money that you give without asking anything in return

2. What is it called when a borrower returns what they borrowed?

A. Loan agreement
B. Repayment
C. Interest
D. Lending

QUIZ TIME

3. Why is a loan agreement important?

A. It is a way to decide how to repay the loan responsibly.
B. It makes borrowing fun.
C. It means the borrower can keep what they borrowed forever.
D. It lets the borrower take as much time as they want.

4. If Mia borrowed 10 coins from Leo and returned 12 coins, how much interest did she pay?

A. 1 coin
B. No intrest
C. 10 coins
D. 2 coins

QUIZ TIME

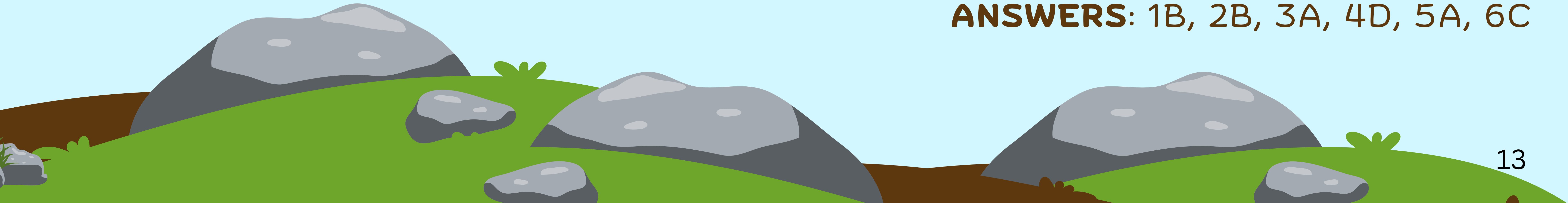
5. What if Mia didn't return the cave in good condition?

A. Leo might not lend her anything again.
B. Leo would be happy to help again.
C. Mia would own the cave forever.
D. Nothing would happen.

6. How does borrowing help both lenders and borrowers?

A. Borrowing doesn't help anyone.
B. Borrowers lose everything, and lenders become richer.
C. Borrowers don't have to return anything, and lenders stop lending.
D. Borrowers get what they need, and lenders gain trust or intrest.

ANSWERS: 1B, 2B, 3A, 4D, 5A, 6C



THE END

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A heartfelt thank you to my parents and family for their endless support, encouragement, and belief in me. This book would not have been possible without your love and guidance.

To my readers—thank you for joining this journey of learning and discovery. I hope this story helps you understand important financial lessons in a fun and meaningful way.

For more details, contact:

📧 Email: vedikaganeriwal@gmail.com

📞 Phone: +91 9820600417

📸 Instagram: @financefirst.ed