Goodwill = Super Profit X Number of years purchased

1,60,000 = Super Profit x 2

Super Profit = $\dfrac{1,60,000}{2}$ = ₹ 80,000

Super Profit = Average Profit – Normal profit

80,000 = 1,80,000 – Normal Profit

Normal Profit = 1,80,000 – 80,000 = 1,00,000

Normal Profit = Capital Employed x Normal Rate of Return

1,00,000 = 12,50,000 x Normal Rate of Return

Normal Rate of Return = $\dfrac{1,00,000}{12,50,000}$ x 100 = 8.00%