

Debt Funds Vs Fixed Deposit

POST 8

Particulars	Debt Funds	Fixed Deposits
Rate of Interest	Potential to generate superior returns (6-8 %)	In range of 5-6 % post tax
Risk	Low to moderate	Low
Liquidity	No exit load (High Liquidity)	1% on premature withdrawal
Charges	Expense ratio	Nil
Taxation	Benefits of Indexation for investments held more than 3 years	Taxation as per Income Tax slab

Important note :

- While Fixed deposit give preset Interest rate, debt funds have the potential to generate higher return
- Avoid high risk bank / co-operative banks FD
- Choose debt funds which has higher rated bonds