

# Are debt funds a good substitute to FDs in the bank?

**YES**

**NO**

Particulars	Fixed Deposits			Debt Mutual Funds	
Return	8%			8%	
Tenure	Any			Above 3 Years (Long Term Capital Gains)	Below 3 Years (Short Term Capital Gains)
Tax Rate	10%	20%	30%	20% after indexation	Same as Fixed Deposits
Post Tax Return	7.29% p.a.	6.51% p.a.	5.66% p.a.	7.59% p.a.	Same as Fixed Deposits

# inflation assumption @ 6% to compute indexed cost.

**Debt Mutual Funds**

**Fixed Deposits**

Benefits when the interest rates fall

Suitable for Investors in Higher Income Tax Slab

Indexation benefit for investments held more than 3 years

No TDS

Interest is taxed as per one's income tax slab

TDS for interest more than Rs. 10,000/- p.a.

