

## Bank Debt vs Debt MF

### Purpose

This is a powerful calculator that can help you explain the benefit of debt funds over fixed deposits to clients.

Debt funds enjoy lower taxes when held for long term, qualifying for LTCG. This results in better post tax returns as compared to fixed deposits. This calculator highlights this aspect through example.

This calculator gives you comparison between post-tax returns on investment in Bank Fixed Deposit and Debt Mutual Fund.

Initial Investment		₹
Investment Period		Yr
Assumed Rate of Return:		
Fixed Deposit		%
Debt Fund		%
Assumed Inflation Rate for Indexation		%
Investor's Tax Slab	30	%
Applicable Long Term Tax Rate	20 %	After 3 Yr
<input type="checkbox"/> Add Client Name		
<input type="checkbox"/> Display benefit of debt funds		
<input type="checkbox"/> Add Suggested schemes for investment		

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The amount you wish to invest/have invested

The time period for which you wish to invest/have invested.

Enter the rate of return expected from FD.

Enter the rate of return expected from debt mutual fund. The upper limit is capped to ensure the current interest rate scenario in the country.

For debt mutual funds, the government of India provides a Cost Inflation Index which helps in reducing the long term capital gains liability by increasing the cost of investment, generally related to inflation. Enter the rate accordingly. As an indicator, it could be in the range of 3-5% per year.

Enter the income tax slab your client falls under.

This is to calculate long term capital gains tax on the debt fund. This is pre-filled in the calculator. You have the option to change it.

This is pre-filled as per current government notification as to when the debt fund qualifies for long term capital gains benefit. Anyways, you have the option to change it.

You have the option to attach a comparison of debt funds vs fixed deposit.