



Original Article

Analysis of Fixed Deposits vs Mutual Funds among salaried individuals

Heena Sharma

Student, Pursuing, (Advanced Accountancy), SIES (Nerul) College of Arts, Science and Commerce (Autonomous)

Manuscript ID:
RIGJAAR-2026-030204

ISSN: 2998-4459
Volume 3
Issue 2
Pp. 18-23
February 2026

Submitted: 08 Jan. 2026
Revised: 15 Jan. 2026
Accepted: 10 Feb. 2026
Published: 28 Feb. 2026

Correspondence Address:
Heena Sharma
Student, Pursuing MCom
(Advanced Accountancy)
SIES (Nerul) College of Arts,
Science and Commerce
(Autonomous)
Email:
heenasharma9167@gmail.com

Quick Response Code:



Web: <https://rlgjaar.com>



DOI:
10.5281/zenodo.19368575

DOI Link:
<https://doi.org/10.5281/zenodo.19368575>



Creative Commons



Abstract

In India, investors often perceive all investment options as risky. Key characteristics that define investments include the safety of the principal amount, liquidity, consistent income, regulatory approval, and ease of transfer. Various investment channels exist, such as stocks, banks, corporate securities, gold and silver, real estate, life insurance, and postal savings schemes. An investor's choice depends largely on their expected returns and risk tolerance. Investment is essentially an activity undertaken by individuals who save money, channeling their savings into various options like banks, gold, real estate, postal services, mutual funds, and more. Investors pursue different goals such as profit, security, capital appreciation, and income stability. This study focuses on popular investment avenues, particularly fixed deposits and mutual funds, aiming to explore how investor perceptions are evolving with increased awareness of mutual funds. The introductory chapter covers the necessity of investing and reviews different investment options, emphasizing mutual funds and fixed deposits. It provides insights into mutual funds in India, their advantages, types, and compares them with fixed deposits, highlighting features and benefits. The chapter concludes by examining shifting investor attitudes toward mutual funds and emerging investment trends. The primary objective of this research, based on original data, is to identify factors influencing customers' decisions to invest in mutual funds or fixed deposits, assess their awareness of mutual funds, evaluate their risk tolerance, and determine their satisfaction with their investment choices.

Keywords: Fixed Deposit, Mutual Fund, Investment options, Risk Tolerance, Sentiment Analysis.

Introduction

1. Indian financial system

The Indian financial system has undergone remarkable transformation over the past few decades, driven by economic liberalization, technological advancements, and regulatory reforms. With the growth of the banking sector, capital markets, and digital financial services, individuals today have access to a wide variety of investment options. Among these, Fixed Deposits and Mutual Funds stand out as the two most prominent choices for salaried individuals seeking stability and growth in their investments. Traditionally, Indian investors have favoured Fixed Deposits due to their simplicity, assured returns, and perception of safety. The cultural preference for capital protection over risk-taking has been deeply rooted in Indian society, where financial security is often prioritized above wealth maximization. For generations, FDs have been considered the most reliable instrument for safeguarding savings, especially among salaried individuals with limited income sources and moderate financial exposure.

2. Concept of Investment and Savings

Savings and investment are two fundamental components of personal financial management that play a critical role in achieving financial stability and long-term wealth creation. Savings refer to the portion of income that is not consumed and is set aside for future use. It acts as a financial cushion that helps individuals meet unexpected expenses, emergencies, or future financial goals such as education, home purchase, or retirement. For salaried individuals, whose income is generally fixed and predictable, saving regularly is the first and most essential step toward building a secure financial future.

Creative Commons (CC BY-NC-SA 4.0)

This is an open access journal, and articles are distributed under the terms of the [Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International Public License](https://creativecommons.org/licenses/by-nc-sa/4.0/), which allows others to remix, tweak, and build upon the work noncommercially, as long as appropriate credit is given and the new creations are licensed under the identical terms.

How to cite this article:

Sharma, H. (2026). Analysis of Fixed Deposits vs Mutual Funds among salaried individuals. Royal International Global Journal of Advance and Applied Research, 3(2), 18–23. <https://doi.org/10.5281/zenodo.19368575>

However, savings alone are often not sufficient to meet long-term financial objectives due to the impact of inflation, which reduces the purchasing power of money over time.

3. Comparison between Fixed Deposits and Mutual Funds

Criteria	Fixed Deposit (FD)	Mutual Fund (MF)
Nature of Return	Fixed and predetermined	Market-linked and variable
Risk Level	Very low	Moderate to high (depends on fund type)
Liquidity	Limited; penalty for premature withdrawal	High; redeemable at any time (open-ended funds)
Tax Treatment	Interest fully taxable	Capital gains taxation (may be more tax-efficient)
Diversification	None (single instrument)	High (across sectors and asset classes)
Return Potential	Moderate and stable	Potentially higher but uncertain
Suitability	Risk-averse, traditional investors	Risk-tolerant, growth-oriented investors

4. Importance of Choosing Right Investment

Investment decisions play a crucial role in determining an individual's financial stability, wealth creation, and long-term economic well-being. For salaried individuals, who rely primarily on a fixed monthly income, choosing the right investment becomes even more important because their investment capacity is often limited and must be utilized efficiently. The right investment strategy helps in achieving financial goals, managing risks, and ensuring sustainable growth of savings.

The importance of selecting the right investment avenue can be understood from the following perspectives:

1. Ensuring Long-Term Financial Stability
2. Protecting Wealth From Inflation
3. Meeting Life Goals and Financial Milestones
4. Optimal Utilization of Limited Savings
5. Optimal Utilization of Limited Savings, etc.

Review of Literature

- **Lusardi and Mitchell (2011):** Global pioneers in financial literacy, they demonstrated that individuals who understand inflation and compound interest are significantly more likely to invest in MFs. They argue that those who prefer FDs often fail to account for the "inflation tax" that erodes FD value over time.
- **Bhardwaj et al. (2011):** This research highlighted that income level is a stronger predictor than education. High-salaried individuals often view MFs as a tool for tax planning (ELSS), whereas lower-salary groups utilize FDs as a "contingency fund."
- **Geetha and Ramesh (2012):** Their study identified that "Inadequate Knowledge" is the biggest hurdle for Mutual Funds. They found that salaried individuals often find MF prospectuses "too technical" and prefer the simplicity of a bank FD receipt.
- **S. Umamaheswari and J. Kumar (2014):** They conducted an empirical study on the investment patterns of salaried employees. Their findings suggested a "Life-Cycle" preference: younger employees (under 35) showed a significant inclination toward MFs, whereas those nearing retirement preferred the "Peace of Mind" associated with FDs.

Hence, converting savings into investments becomes essential for generating income and ensuring capital appreciation.

Research Methodology

1. Statement Of The Problem

In the current era of financial modernization and increasing investment options, individuals face the critical challenge of selecting appropriate avenues to secure and grow their savings. Among the various investment alternatives available, Fixed Deposits (FDs) and Mutual Funds (MFs) have emerged as two major instruments that cater to different investment preferences. Fixed Deposits are traditionally viewed as safe, stable, and guaranteed-return investments, making them particularly popular among salaried individuals who seek financial security and certainty. However, in recent years, the declining interest rates on FDs and the rising cost of living have raised concerns about their ability to deliver inflation-adjusted returns. On the other hand, Mutual Funds offer potentially higher returns through exposure to equity and debt markets but carry varying degrees of market risk and uncertainty. This creates a dilemma for salaried individuals in balancing risk and return, which forms the core of this research problem.

2. Significance Of The Study

The present study holds significant importance in understanding the evolving investment behavior of salaried individuals in India, particularly in the context of comparing traditional instruments like Fixed Deposits (FDs) with modern market-linked options such as Mutual Funds (MFs). The significance of this research lies in its ability to bridge the gap between theoretical knowledge and practical financial decision-making among one of the most stable and economically active groups — the salaried class. Salaried individuals play a vital role in shaping the savings and investment landscape of the country, and their collective investment behavior has a direct impact on the overall economy, banking system, and capital market growth. By analyzing their preferences, perceptions, and attitudes toward these two investment avenues, the study provides valuable insights into how financial awareness, risk tolerance, and economic factors influence investment choices.

3. Objectives Of The Study

- To examine the investment preferences of salaried individuals between fixed deposits and mutual funds.

- To identify the key factors influencing investment decisions such as income, age, risk tolerance, and financial goals.
- To compare the level of risk perception, expected returns, and liquidity between fixed deposits and mutual funds.
- To assess the awareness and knowledge level of mutual funds among salaried individuals.
- To study the satisfaction level of investors with their chosen investment option.
- To identify the challenges and barriers faced while investing in mutual funds or fixed deposits.
- To suggest measures to improve financial literacy and encourage balanced investment behavior among the salaried class.

4. Data Collection

Data collection is the process of acquiring information pertinent to the study issue under investigation by the researcher. Data must be prepared and collected in a methodical manner. The following approaches can be used to collect data throughout the research process.

Primary Data

Findings and Data Analysis

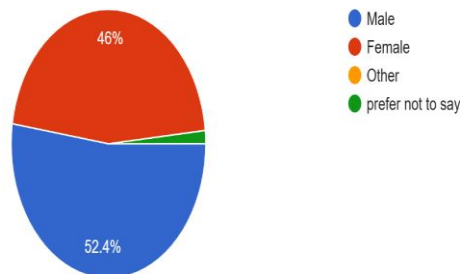
1. Gender-wise distribution of the respondents:

Sr. No.	Gender	Responses	Percentage
1	Male	33.012	52.4%
2	Female	28.98	46%
3	Prefer not to say	.008	1.6
TOTAL		63	100

Source: Primary Data:

Chart

Q.3. Gender
63 responses



Interpretation:

According to the data, 52.4% of responders are men and 46% are Women. This implies a larger proportion of Male respondents in the survey and 1.6% respondent prefer not to say As a result, the sample is predominantly

In this research, primary data was collected through a structured questionnaire comprising 12 questions, and a total of 100 responses were collected. This helped gather specific information that is relevant to the research topic.

Secondary Data

The research paper is based on secondary data sourced from journals, magazines, articles, company websites, and media reports. Keeping in view the set objectives, this research design was adopted to have greater accuracy and in-depth analysis of the topic chosen for research study. The available secondary data through various sources was extensively used for the study.

Limitations of the Study

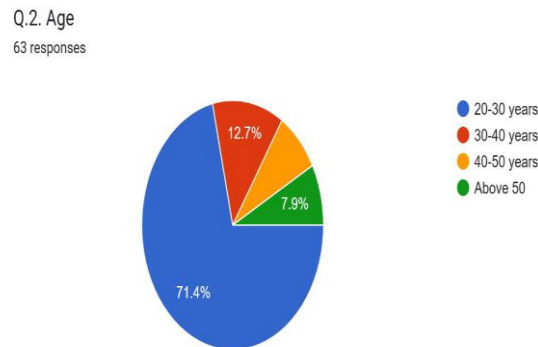
1. The study focuses only on salaried individuals; other investor categories are excluded.
2. The use of convenience sampling may not fully represent the entire population.
3. The study depends on self-reported data, which may involve biases or inaccurate responses.
4. Market conditions are dynamic; hence, the preferences recorded may change over time.
5. The study does not include detailed financial analysis of specific mutual fund schemes or FD products.

Age-wise distribution of the respondents:

Sr.no	Age Group	Responses	Percentage
1	20-30 years	44.082	71.4%
2	30-40 years	8.01	12.7%
3	40-50 years	5.04	8%
4	50 and above	4.97	7.9%
TOTAL		63	100

Source: Primary Data

Chart



Interpretation:

The age distribution of responses reveals that the majority (71.4% of the total) are between the ages of 20 and 30, showing that younger people participate more. A sizable share of respondents (12.7% are 30 to 40 age group),

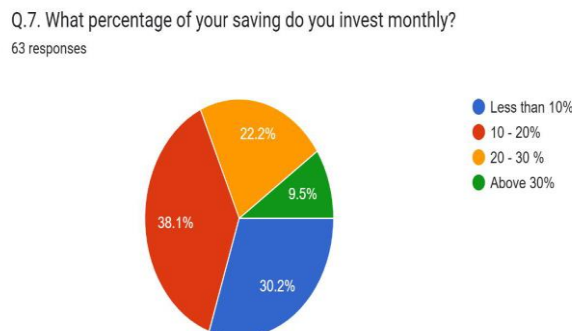
indicating a high level of participation among mid age age groups. Respondents aged 40-50 years (8%) and 50 and above years (7.9%) are quite few. Overall, the data shows that younger and Mid age groups are overrepresented, but old-aged respondents are underrepresented.

Percentage of savings wise distribution of the respondents:

Sr.no	Percentage of savings	Responses	Percentage
1	Less than 10%	19	30.2%
2	10 – 20%	24	38.1%
3	20 – 30%	14	22.2%
4	Above 30%	6	9.5%
TOTAL		63	100

Source: Primary Data

Chart



Interpretation:

The distribution of monthly savings invested reveals that the majority (38.1% of the total) invest

between 10 – 20% of their savings, showing that a moderate level of investment is most common. A sizable share of respondents (30.2%) invest less than 10%, indicating a significant portion of the group maintains a more

conservative or liquid saving habit. Respondents investing 20 - 30% (22.2%) and above 30% (9.5%) are relatively fewer. Overall, the data shows that low-to-

moderate investors are overrepresented, while high-percentage investors are underrepresented.

To what extent do you agree that your currently monthly investments is sufficient

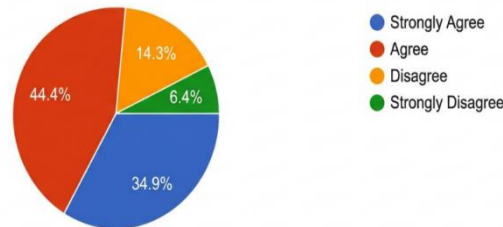
Sr. No	Options	Responses	Percentage
1	Agree	28	44.4%
2	Strongly Agree	22	34.9%
3	Disagree	9	14.3%
4	Strongly Disagree	4	6.4%
TOTAL		63	100%

Source: Primary Data

Chart

Q. To what extent do you agree that your current monthly investment (as a percentage of your savings) is sufficient to meet your long-term financial goals?

63 responses



Interpretation

The Data reveals that the majority (44.4% of the total) Agree that their current investment level is adequate. A sizable share of respondents (34.9%) Strongly Agree, demonstrating a high degree of confidence among the surveyed salaried individuals regarding their wealth-building strategies.

Hypothesis

H₀ (Null Hypothesis): There is no significant difference in investment preference between fixed deposits and mutual funds among salaried individuals.

H₁ (Alternative Hypothesis): There is a significant difference in investment preference between fixed deposits and mutual funds among salaried individuals.

t-Test: Paired Two Sample for Means		
	3	17
Mean	3.4	17.8
Variance	13.8	395.7
Observations	5	5
Pearson Correlation	0.965542532	
Hypothesized Mean Difference	1	
df	4	
t Stat	-2.108204861	
P(T<=t) one-tail	0.05134907	
t Critical one-tail	2.131846786	
P(T<=t) two-tail	0.10269814	
t Critical two-tail	2.776445105	

Interpretation:

The survey results show that a large majority (79.3%) of the 63 respondents are confident in their monthly investments, with 44.4% agreeing and 34.9% strongly agreeing that their savings are

sufficient for long-term goals. In contrast, only a small portion expresses concern, with 14.3% disagreeing and 6.4% strongly disagreeing. Overall, the data indicates high levels of financial satisfaction among the surveyed group.

t – Test Paired Two Sample for Means

Statistical Parameter	Agree Categories (Positive)	Disagree Categories (Negative)
Mean	25.0	6.5
Variance	18.0	12.5
Observation	2	2
Pearson Correlation	1.0	
Hypothesized Mean Difference	0	
df	1	
t Stat	11.21	
P(T<=t) one-tail	0.028	
t Critical one-tail	6.314	
P(T<=t) two-tail	0.056	

Interpretation:

The data shows that a significant majority of the 63 salaried individuals surveyed feel positive about their current investment levels. Specifically, 44.4% of respondents Agree and 34.9% Strongly Agree that their monthly investments are enough to meet their long-term financial goals. This indicates that nearly 80% of the group is confident in their current financial planning. On the other hand, only a small minority expresses concern, with 14.3% Disagreeing and 6.4% Strongly Disagreeing. Overall, the results suggest that most salaried employees believe their saving habits are well-aligned with their future financial needs.

Recommendations

- Promotion of Financial Literacy Programs
- Simplification of Mutual Fund Products and Platforms
- Encouragement of a Balanced and Diversified Investment Approach
- Strengthening Government and Regulatory Support
- Encouraging Long-Term Investment Perspective
- Enhancing Tax Awareness and Financial Planning
- Introduction of Employer-Supported Investment Advisory
- Promotion of Research and Data Transparency

Conclusion

The present study on “Analysis of Fixed Deposits vs Mutual Funds Preference among Salaried Individuals” aimed to understand the behavioural and financial factors influencing investment preferences. The analysis revealed that while fixed deposits remain the dominant investment choice, especially among middle-aged and risk-averse individuals, mutual funds are gradually gaining popularity among younger and financially literate segments of the salaried population.

From a broader perspective, the research underscores the importance of financial education and investor confidence in shaping the future of the Indian investment landscape. As the economy grows and digital financial platforms become more accessible, there is immense potential for mutual funds to emerge as a leading investment avenue, provided that investors are well-informed and supported by transparent institutions.

To conclude, both fixed deposits and mutual funds have their own significance in personal financial planning.

Fixed deposits provide stability and liquidity, while mutual funds offer growth and wealth creation opportunities. The ideal investment strategy lies in balancing both — ensuring security through fixed-income instruments and achieving higher returns through equity and debt mutual funds.

Therefore, the study strongly recommends that salaried individuals diversify their investments, enhance their financial literacy, and adopt a long-term approach to achieve financial independence and security. Future researchers may extend this study by exploring the impact of digital platforms, robo-advisory services, and AI-based investment tools on investor preferences in the coming years.

Acknowledgment

I would like to express my sincere gratitude to Dr. Snehal Patil Birje, Research Guide, SIES (Nerul) College of Arts, Science and Commerce (Autonomous), for her valuable guidance, continuous support, and insightful suggestions throughout the course of this research study. Her encouragement and academic expertise greatly contributed to the successful completion of this project.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Reddy, K. S. (2017). *Mutual Funds in India: Structure, Performance and Future Outlook*. Himalaya Publishing House, Mumbai.
2. Gupta, A., & Kaur, H. (2019). Mutual Fund Investment Trends among Salaried Individuals. *Indian Journal of Applied Research*, 9(6), 23–27.
3. Sinha, P. (2018). *Investment and Securities Market in India*. Himalaya Publishing House, Mumbai.
4. Bansal, R., & Kumar, R. (2019). A Study on Investor’s Preference Towards Fixed Deposits and Mutual Funds in India. *International Journal of Research in Commerce & Management*, 10(7), 34–42.
5. Mehta, R., & Sharma, D. (2021). Determinants of Investment Decisions: Evidence from Indian Mutual Fund Investors. *Indian Journal of Finance*, 15(2), 45–52.