

Chart of Difference between Fixed investment and inventory investment

Basis of Difference	Fixed Investment	Inventory Investment
Meaning	It refers to expenditure incurred on the purchase of fixed assets or capital goods.	It refers to expenditure incurred on the purchase of raw material, semi-finished or finished goods.
Purpose	Here, the purpose is to continue further production.	Here, the purpose is to meet the demands of consumers in case of a shortage.
Can be known as	It can also be known as Capital investment.	It can also be known as Working Capital investment.
Considered as	Here, the investment can be considered as an expenditure on long-term assets.	And, this investment can be considered as expenditure on income yielding short-term assets.
Resale of assets	In this type of investment, the assets are not meant to be resold at any period of time.	Here, the inventory is not meant to be resold immediately but stays in stock to raise inventory level.
Calculation	The stock of fixed assets at the end of the year – Stock of fixed assets at the beginning of the year	Inventory stock at the end of the year – Inventory stock at the beginning of the year.
Significance	In short, it leads to a higher rate of economic growth.	Generally, it avoids the uncertainties related to price and availability of raw material.