

ELSS vs THE REST

Here's a comparison of the popular Tax-saving tools under section 80C:



5-year returns



Risk



Maximum investment allowed



Lock-in period



Withdrawal



Tax on interest earned

Equity-linked Savings Scheme (ELSS)

18.40%

High

No limit

3 years

10% Long-term Capital Gains (LTCG) Tax on withdrawals after lock-in period.*

Dividends are taxed at 10%*

Public Provident Fund (PPF)

8.50%

Low

₹ 1.5 lakh

15 years

Partial, Tax-free withdrawals after 7th year. Full withdrawal after maturity.

Tax-free

5-year Fixed Deposit (FD)

6-9.5%

Low

No limit

5 years

None. Only after the maturity. Not Tax-free.

Taxable

Unit-linked Insurance Plan (ULIP)

11-16%

Medium

No limit

5 years

Partial Tax-free withdrawals allowed after 5 years. Full withdrawal after maturity.

Tax-free

National Savings Certificate (NSC)

8.32%

Low

No limit

5 years

Withdrawal only possible after maturity. Not Tax-free.

Taxable

National Pension Scheme (NPS)

10.34%

Medium

No limit

Until the age of 60

Partial withdrawal allowed after 3rd year in certain cases. Only withdrawals up to 40% are Tax-free.

Taxable

*Subject to prevailing Tax laws | Sources: ELSS returns - Compound Annual Growth Rate over 5 years as per CRISIL-AMFI ELSS Performance Index, December 2017 ♦ PPF, NSC returns - Average annual return in the past 5 years, calculated basis the return rates of last 5 years ♦ FD returns - Average return rate of the top performing FDs ♦ ULIP returns - Morningstar India ♦ NPS returns - Value Research.