



Every mobile phone offers the facility to call and send messages. Yet, phones differ basis their:

- Screen size
- Inbuilt memory
- 3G or 4G compatibility
- Camera options- Selfie and Main
- Battery life
- The processor
- Video resolution
- Fingerprint and other sensors
- Brand and its value-added features

YOU'VE PICKED THE RIGHT MOBILE PHONE

NOW PICK THE RIGHT TAX-SAVING INVESTMENT

Similarly, Tax-saving investments offer the benefit of Tax deduction of ₹1.5 lakh each under Section 80C. There are other parameters to consider while selecting the right option. Like:

- Tax exemptions
- Returns
- Frequency of investment
- Capability to beat inflation, counter economic turbulence
- Lock-in period
- Risk profile



This is where each investment option's pros and cons lie. Let's have a look at the four common Tax-saving investments:

Equity-Linked Savings Scheme (ELSS)

PROS

- All profits, dividends Tax-free for investor
- High potential returns (17% in the last 5 years)
- Ease of investment through monthly SIPs
- Shortest lock-in period of 3 years
- Helps benefit from economic, corporate growth

CONS

- May seem risky for short-term investors or those with a low risk-taking ability

5-year Bank/Post Office Deposit

PROS

- Low risk
- Fixed interest rate over a 5-year period

CONS

- Taxable interests
- Low returns of 6-9.5%
- Only lump sum investment allowed
- Barely beats inflation
- Falling interest rates
- Longer lock-in of 5 years

Public Provident Fund (PPF)

PROS

- Tax-free interest, maturity payments
- Low risk
- Ability to invest in lump sum or instalments
- Fixed interest rate in a year
- Helps moderately beat inflation

CONS

- Low-to-moderate returns (8.5% average annual return last 5 years)
- Falling interest rates
- Long lock-in of 15 years
- Limited ability to withdraw prematurely

Unit-Linked Insurance Plan (ULIP)

PROS

- Insurance protection
- Ability to switch between Equity and Debt investments without any cost

- Tax-free payouts

- Flexible payment options

- Low or moderate risk

CONS

- Only investment portion (about half the premium) earns returns
- May earn low-to-moderate returns
- Longer lock-in of 5 years
- Low chances

