

## Get Dual Benefits of Wealth Creation and Tax Saving with



Invest ₹1.5 Lacs in ELSS under section 80C & Save Tax Upto

₹46,800/-\*

\*For F.Y. 2022-23; for Individual who opts for old tax regime & falls under the highest tax bracket

## **ADVANTAGES**

HIGHER TAX ADJUSTED RETURN

As returns are market linked, ELSS has potential to deliver higher tax adjusted returns than traditional tax saving options.

LOWER LOCK-IN PERIOD In comparison to the various other investment avenues under section- 80C of the Income tax act, ELSS has the shortest lock-in period of 3- years. STABILITY IN TERMS OF EXIT OF FUNDS

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Since there is a lock-in period of 3 years, the fund manager has the opportunity to invest the funds for long term as he does not have to worry about sudden redemption pressure.

COST AVERAGING Investment in ELSS through SIP route helps in averaging out the cost of purchase.

Particulars	PPF	NSC	Tax Saving FDs	Post Office Time Deposits	ELSS
Lock-In Period (Yrs.)	15	5	5	5	3
Rate of Interest (%)	7.10%	6.80%	6.10%*	6.70%	Potential to deliver higher returns as it is linked to market
Rates Applicable From	1-April-2020	1-April-2020	With Effect From	1-April-2020	
Rates Applicable Till	30-Nov-22	30-Nov-22	22-Oct-22	30-Nov-22	
Compounding	Yearly	Yearly	Quarterly	Quarterly	
Taxation of Returns	s Tax Free Taxable as per slab		Taxable as per slab	Taxable as per slab	Dividend Tax# + Capital Gains is Taxable @ 10%\$^

\* Rate offered by SBI Tax Saving Scheme FD

\$ Finance Bill 2018, proposes levy of income-tax at the rate of 10% (without indexation benefit) on long-term capital gains exceeding ₹1 lakh from equity shares and equity mutual funds, provided transfer of such shares/units is subject to STT.

# From FY 2020-21, Dividend in the hands of unit holder is taxable as per applicable income slab rate. Such dividend received will attract TDS at 10%. For Individual, TDS will be applicable on entire dividend if it exceeds ₹5000 in a financial year.  In case of the long term capital asset acquired before 1<sup>st</sup> Feb 2018, cost of acquisition shall be deemed to be the higher of -

Actual cost of acquisition of such asset

Fair market value of such asset as on 31<sup>st</sup> Jan 2018



Consider an example, where investor A has chosen to invest ₹1.50 Lac every year in PPF since 1<sup>st</sup> April 2001 till 1<sup>st</sup> April 2022 whereas investor B has chosen the ELSS route. Investor B has also invested ₹1.50 Lac every year for the same period.

Let us see how investments made by both the investors A & B from 1st April 2001 to 1st April 2022 have fared in these years. The graph shows the wealth created by investor A and investor B since 1st April 2001. Investor A, who chose PPF has been able to build a wealth of ₹79.48 Lacs, which is 2.41 times the investment of ₹33 Lacs. On the other side, investor B who chose the ELSS route has been able to build a whopping wealth of ₹251.15 Lacs, which is 7.61 times the investment of ₹33 Lacs.

	PPF Interest Rates Over Time									
	PERIOD	Rate of Interest	PERIOD	Rate of Interest						
1	5.01.2000 to 28.02.2001	11.00%	01.10.2016 to 31.03.2017	8.00%						
0	1.03.2001 to 28.02.2002	9.50%	01.04.2017 to 30.06.2017	7.90%						
0	1.03.2002 to 28.02.2003	9.00%	01.07.2017 to 31.12.2017	7.80%						
0	1.03.2003 to 30.11.2011	8.00%	01.01.2018 to 30.09.2018	7.60%						
0	1.12.2011 to 31.03.2012	8.60%	01.10.2018 to 30.06.2019	8.00%						
0	1.04.2012 to 31.03.2013	8.80%	1-07-2019 to 31-03-2020	7.90%						
0	1.04.2013 to 31.03.2016	8.70%	1-4-2020 to till date	7.10%						
0	1.04.2016 to 30.09.2016	8.10%								

## **Returns Comparison between ELSS Schemes & PPF**



Time Horizon	Invst. Made in	Invst. Per Annum (₹)	Invst. Till Date	Rate of Return	Current Value
1 <sup>st</sup> Apr 2001 to	PPF	1,50,000	₹33.00 Lacs	Refer the PPF interest rate table	₹79.48 Lacs
30 <sup>th</sup> Nov 2022	ELSS	1,50,000	₹33.00 Lacs	16.46*	₹251.15 Lacs

\*For calculation purpose, we have taken only those schemes which have completed atleast 22 years as on  $30^{\text{th}}$  Nov 2022. 16.46% is the average CAGR return delivered by these 12 schemes since 1<sup>st</sup> April 2001.

(Valuation Date : 30<sup>th</sup> November 2022 )

The below table shows the value of ₹1.5 Lac invested in PPF, Sensex and various ELSS Schemes as on 1<sup>st</sup> April every year. Note: Amount assumed ₹1.5 Lac in PPF & ELSS.

CAPITAL INVESTED (₹)									
1 <sup>st</sup> Investment Date / Start Date	1-Apr-22	1-Apr-21	1-Apr-20	2-Apr-18	1-Apr-16	1-Apr-13	1-Apr-11	1-Apr-08	2-Apr-01
Valuation Date	30-Nov-22	30-Nov-22	30-Nov-22	30-Nov-22	30-Nov-22	30-Nov-22	30-Nov-22	30-Nov-22	30-Nov-22
Total Investment (In Lacs)	1.50	3.00	4.50	7.50	10.50	15.00	18.00	22.50	33.00
No. of Installments	1	2	3	5	7	10	12	15	22
SCHEME NAME			RETUR	NS GENERATI	ED FROM VARI	OUS ELSS SCH	HEMES		
Aditya Birla Sun Life Tax Relief 96 Fund	1,56,385	3,11,040	5,58,835	9,36,709	14,46,358	26,80,713	37,87,598	60,54,065	2,21,21,195
Axis Long Term Equity Fund	1,45,269	3,09,352	5,80,168	10,54,191	16,89,382	32,49,216	48,57,135	-	-
Baroda BNP Paribas ELSS Fund	1,52,312	3,16,416	5,71,337	9,91,510	15,00,810	26,31,837	37,08,407	58,69,870	-
Canara Robeco Equity Tax Saver Fund	1,58,088	3,37,633	6,35,747	11,17,701	17,88,957	32,16,343	44,81,993	77,40,945	2,99,23,013
DSP Tax Saver Fund	1,59,391	3,54,191	7,14,750	12,68,165	19,94,977	37,27,787	53,01,011	87,68,993	-
Edelweiss Long Term Equity Fund	1,56,278	3,43,035	6,65,932	11,42,107	17,41,938	30,41,631	41,96,786	-	-
Franklin India Taxshield	1,63,850	3,62,958	7,34,601	12,44,066	18,75,244	33,25,660	46,46,561	78,03,347	3,29,01,157
HDFC Taxsaver	1,69,964	3,84,851	7,54,578	12,44,816	18,71,553	32,04,597	43,16,734	70,68,127	3,52,21,791
HSBC ELSS Fund	1,54,029	3,34,797	6,58,283	11,08,861	17,13,548	30,55,067	41,82,214	69,05,398	-
ICICI Prudential Long Term Equity Fund	1,57,090	3,50,311	7,03,715	12,19,031	18,77,590	33,68,467	47,25,771	81,12,521	4,04,67,329
IDFC Tax Advantage (ELSS) Fund	1,57,730	3,63,024	7,91,506	13,38,851	21,07,580	38,29,682	54,36,840	-	-
Kotak Tax Saver Fund	1,60,232	3,55,893	7,05,887	12,63,398	19,78,943	35,69,390	48,74,507	75,43,408	-
LIC MF Tax Plan	1,52,732	3,38,369	6,33,232	11,03,612	17,24,800	30,03,505	40,69,301	60,99,808	1,56,70,601
Motilal Oswal Long Term Equity Fund	1,64,617	3,51,930	6,72,986	11,52,570	18,31,393	-	-	-	-
Nippon India Tax Saver (ELSS) Fund	1,60,142	3,58,098	7,14,025	11,48,064	16,66,299	29,44,593	41,19,630	69,58,397	-
PGIM India ELSS Tax Saver Fund	1,57,296	3,60,059	7,30,904	12,74,688	19,77,985	-	-	-	-
SBI Long Term Equity Fund	1,66,291	3,66,518	7,27,850	12,46,175	18,83,891	32,60,078	44,79,732	69,97,368	4,02,57,687
Sundaram Tax Savings Fund	1,59,723	3,58,716	7,16,349	12,20,108	19,14,167	34,96,936	49,46,395	75,97,015	2,69,84,350
Tata India Tax Savings Fund	1,60,002	3,53,510	6,92,098	11,98,827	18,80,488	34,90,586	49,28,087	80,34,733	3,09,75,702
UTI Long Term Equity Fund	1,55,238	3,39,837	6,74,099	11,87,626	18,31,653	31,71,606	43,02,508	65,58,363	2,03,81,279
S&P BSE Sensex	1,59,674	3,48,860	6,83,721	12,11,826	19,02,829	31,61,146	41,90,048	62,86,571	1,93,76,873
Minimum	1,45,269	3,09,352	5,58,835	9,36,709	14,46,358	26,31,837	37,08,407	58,69,870	1,56,70,601
Maximum	1,69,964	3,84,851	7,91,506	13,38,851	21,07,580	38,29,682	54,36,840	87,68,993	4,04,67,329
Average	1,58,333	3,47,527	6,81,844	11,73,054	18,14,878	32,37,094	45,20,067	72,07,491	2,94,90,411
PPF Calculated at actual rates	1,57,119	3,25,394	5,06,963	9,09,878	13,80,122	22,48,007	29,58,763	42,53,961	79,48,150

## (Past performance may or may not sustain in future)

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**Contact Details:** 

AJAY ASHOK PAPAT papatajay@prudentconnect.com 8830335847

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