

***** First quarter of every year: Best time to invest in debt funds for tax effective returns *****

As every year, the first quarter is a very good time to invest your FD money in debt funds which score better than FDs on all fronts: Safety, Liquidity and Returns.

Invest anytime now through 31st March 2021 with a minimum investment horizon of 3 years to avail the tax benefit. So you can but don't have to withdraw anytime after 1st April 2024.

Please refer the calculations below to understand the tax benefit.

Invest before 31 March 2021 (assume 15th March 2021)	FD	Debt Fund
Investment Amount Assumed	10,00,000	10,00,000
Rate of Return Assumed	6%	6%
Redeem anytime after 1 st April 2024 (assume 15 st April 2024)	12,02,663	12,02,663
Inflation Indexed cost after 3 yrs @4%	NA	11,69,858
Taxable Profit / Gains	2,02,663	32,805
Tax %	30%	20%
Tax	60,798	6561
Profits/Gains After Tax	1,41,864	1,96,102
Net Annual Return Post Tax	4.39%	5.97%