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Investing lumpsum in ELSS is fine, say mutual fund advisors

By [Shivani Bazaz](#), [ECONOMICTIMES.COM](#) | Mar 27, 2017, 03.19 PM IST

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Mutual fund advisors are having a tough time convincing investors to commit a [lumpsum](#) in Equity Linked Savings Schemes (ELSSs) in the final week of the [tax planning](#) season. Investors must finalise their tax-saving investments before March 31, but they are reluctant to invest a lumpsum amount in ELSSs or tax planning [mutual fund](#) schemes now as the market is hovering near all-time high. Investments in ELSSs qualify for a tax deduction of up to Rs 1.5 lakh under [Section 80C](#) of the [Income Tax](#) Act.

"Investors are afraid at this point. Markets are near all-time high and the fear of them plunging anytime is stopping individuals from investing in [ELSS](#)," says Pankaj Gera, a Certified Financial Planner (CFP) based in Delhi. Spooked by soaring markets, these tax payers are even considering insurance products to save taxes this financial year, say mutual fund advisors. I have been telling them that they would be committing their money in insurance products for the next 10 to 15 years," says Gera.

According to investment experts, investors should not worry about market levels beyond a point. Harpreet Singh, a Certified Financial Planner (CFP) based in Delhi, is asking investors to go ahead with their ELSS investment and not to worry about a possible market crash.

"Even if the markets are down at the end of three years, it shouldn't bother you because your investment horizon should be at least five to



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seven years. Remember even though you are investing for tax-saving, you are investing in an equity product," Singh adds. Singh believes that the market at higher or lower level is a concern for traders, not for long-term investors.

Vishal Dhawan, Chief Financial Planner, Plan Ahead Wealth Advisors, also believes a long-term investor shouldn't worry too much about the level of the market. "Basics remain the same. ELSS is an equity product. Invest keeping a long-term goal in mind. It is good to stagger your investments but when you don't have time, you have to invest a lumpsum."

Gera point out that last minute rush is the main reason why investors end up buying wrong products like insurance plans. "Investors want Rs 1 lakh or even Rs 2 lakh to be invested by 31st March. They don't have any investment plans in mind; they just want to save taxes. It is really difficult to make them understand that this approach is wrong," says Gera.

Investment experts believe that individuals should combine their tax planning with their financial goals. "Investing in ELSS just for the sake of saving taxes and with a view of withdrawing your money after three years is a complete no," says Vishal Dhawan. Linking your tax planning investments to a particular goal and investing regularly through a [Systematic Investment Plan](#) (SIP) would impart financial discipline and help you to choose and stick to right investments, says experts.

In case you are still confused about which ELSS schemes to invest this year, here are four Equity Linked Saving Schemes that you can consider.

Four Equity linked Savings Schemes to invest this year

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