

EPF vs PPF vs NPS vs NSCs vs Fixed Deposit (FD): Five investment schemes to grow money compared

Financial Planning is important for life. There there is no late point of time in life when a person cannot start the same.



There are various instruments of investments in which an individual can put their money. Image source: Reuters

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Updated: Sun, Sep 02, 2018
07:33 pm

New Delhi, ZeeBiz WebDesk

Financial Planning is important for life. There is no late point of time in life when a person cannot start the same. It brings financial discipline, helps grow hard-earned money and provide financial security when required. However, financial planning can be tricky,

often risky or confusing for the starters. There are various instruments of investments in which an individual can put their money. However, all these instruments come with varying risks and returns. Experts always suggest individuals to diversify their portfolio for maximum returns, and minimising the risks.

Here we take a look at five top investment schemes one can join soon after getting into the job market:

Public Provident Fund (PPF)

PPF is a tax saving, popular investment scheme. PPF accounts mature in 15 years and one can invest anything between Rs 500 to Rs 1.5 lakh per annum in the PPF account. PPF is a long long term investment instrument, which is also backed by Government of India. Interest Rate and returns from PPF investment is fully exempt from Tax.

Presently, PPF offers 7.6% rate of interest.

Employee Provident Fund (EPF)

Every month, employers contribute a substantial part of an employee's salary towards EPF, which is regulated by the Employees' Provident Fund Organisation (EPFO). It is mandatory for every company having more than 20 staff. As per rules, both employee and employers contribute equally towards the employee's EPF. For the financial year ending March 2018, the EPF interest rate was fixed at 8.55%.

The employer's share is 12%, out of this 8.33% is invested in Employees Pension Scheme (EPS), rest in EPF. The employee's contribution is 12%.

National Pension System (NPS)

NPS provides old-age income with reasonable market-based returns. Under NPS, the pension wealth, which accumulates over a period of time till retirement grows with a compounding effect. By investing a small portion of your salary every month in the National Pension System (NPS) till retirement, you can secure your old age and save a lot of tax while filing Income Tax Return (ITR) every

year. NPS is regulated by PFRDA, a statutory regulatory body to promote old age income security and protect the interest of NPS subscribers.

The NPS returns are market-related. According to PFRDA.org, "The funds contributed by the Subscribers are invested by the PFRDA registered Pension Fund Managers (PFM's) as per the investment guidelines provided by PFRDA. The investment guidelines are framed in such a manner that there is minimal impact on the subscribers' contributions even if there is a market downturn by a judicious mix of investment instruments like Government securities, corporate bonds and equities."

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Fixed Deposit (FD)

Banks and financial institutions offer FD account. All deposits made by customers are fixed until the given maturity period. The return on FD investment is assured by the bank. FD rates for several terms have been recently hiked by banks and financial institutions. Some banks are even offering up to 8.75% interest rate.

National Savings Certificates (NSCs)

One can buy the government regulated certificates from post offices. This is a five-year fixed income savings bond investment scheme. According to the India Post, the current rate of interest on NSCs is 7.6% compounded annually but payable at maturity. One can invest a minimum of Rs 100 and further in the multiples of Rs 100. There is no upper limit.

The official India Post website says, "A single holder type certificate can be purchased by, an adult for himself or on behalf of a minor or by a minor." Also, "Deposits qualify for tax rebate under Sec. 80C of IT Act. The interest accruing annually but deemed to be reinvested under Section 80C of IT Act."

NEXT STORY: [What is Gold Savings Account? After Jan Dhan, India Posts Payments Bank \(IPPB\), Modi govt mulls this gift](#)

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