Side-by-Side Comparison

Feature	ELSS Mutual Funds	Blue-Chip Stocks (Direct Investment)
Tax Benefits	✅ Up to ₹1.5L under Section 80C	❌ No tax benefit
Lock-in Period	3 years (mandatory)	No lock-in
Returns Potential	10–14% historically (managed portfolio)	8–15%+ (if picked & timed well)
Risk Level	Moderate – diversified exposure	High – depends on stock selection
Expert Management	✅ Actively managed by	❌ You need to research and track
Liquidity after lock-in	Easy redemption after 3 years	Can sell anytime (barring market volatility)
Minimum Investment	₹500 (SIP or lump sum)	Variable, higher if buying blue-chips in quantity
Volatility	Lower (diversified portfolio)	Higher (single stock risk)
Tax on Gains	LTCG > ₹1 lakh taxed @10% (after 3 years)	LTCG > ₹1 lakh taxed @10%

When to Choose What?

Choose ELSS Funds if:

- You want **tax savings under Section 80C**.
- You're not an expert in stock picking.
- You prefer **diversified risk** with long-term compounding.
- You're starting with **small amounts via SIP** (e.g. ₹5,000/month).
- You want a **set-it-and-forget-it** approach for 3–5+ years.

Choose Blue-Chip Stocks if:

- You're confident in evaluating stocks and sectors.
- You want **full control** over what you own.
- You're building a **custom long-term portfolio**.
- You're okay with market cycles and monitoring regularly.
- You don't need **Section 80C deductions** or already maxed them out.

🔧 Sample Strategy

For long-term wealth creation, many investors combine both:

- **60–70% in ELSS (or large-cap funds)** to get **tax benefit** + diversification.
- **30–40% in handpicked blue-chip stocks** to participate in specific sectoral stories (e.g. IT, banking, FMCG).