

## A Study on Investors Perception about Tax Savings Schemes among Teachers in Mandya District

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### Abstract:

The study conducted to know the investors perception regarding various tax saving instruments available to get relief from tax to the teachers. Investors invest their money in various tax saving instruments like PPF, ULIP, LIC, Pension plans, NPS, NSC, Mutual Fund, SSY etc... It helps to deduct various up to rupees 150000 per annum from section 80, 80CC 80CCD and 80D and other deductions as per Income Tax Act 1961. Investing in various instruments helps to reduce that tax liability of the taxpayer by utilizing various relief, deductions, exemption and rebate. The investors must select the best instruments and scheme with the aim of maximum return. The decision regarding selection of instruments depends upon the capacity of risk that individuals are willing to take. The main purpose of the study is to know the most suitable and popular tax saving instrument. The data collected randomly through the 50 respondents from Mandya district. Both Primary and Secondary Data used in this study. Data Collected were analyzed by using frequency and percentages and findings are interpreted accordingly. It was seen that among all different age groups both men and women had equal financial knowledge under salaried individuals. Our research clearly shows that the professional tax and investment in LIC, SPF, PPF, Mutual fund, RPF, NSC was one of the most widely accepted and invested from salaried individuals.

**Keywords:** Tax saving instrument, Investment, Tax planning.

### Introduction

A tax saving is a reduction in the amount of taxes paid by an individual, business, or other taxpayers. This can

result in a reduction of income tax withholding or total tax liability after filing an income tax return. Tax savings

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often results from deductions, exemptions, and credits.

In India, taxes are levied on income, wealth, and property. Income tax is levied on individual incomes, while the central government levies corporate taxes. The wealth tax is levied on the net value of assets owned by individuals or companies.

The revenue generated from these taxes is vital for the smooth functioning of the country, as the government needs these funds to foster economic growth and development. The tax varies with the respective income as per the tax slab in India. Income tax payers always look forward to opportunities that can help them save tax and reduce their entire tax liability.

Many people search for tax-saving investment options and how to save income tax in India every time the ITR filing date steps closer. This is fair, too, as no one would like to miss out on such income tax saving options that can save their money paid as tax. There are numerous lawful ways to save tax under the Income Tax Act of 1961, entailing some tax-saving mutual funds, NPS, insurance premiums, medical insurance, home loan, and many others. Whether you are a salaried individual, a freelancer, a business owner, or earn an income from your investments, you must pay taxes to the government as per the Income Tax Act within the stipulated time.

### **Incorporating Tax Saving Early**

Every year, a growing number of working professionals are introduced to

the taxation system. This includes various recent graduates and young, fledgling professionals. These are first-time taxpayers who are just venturing into their careers and therefore, do not have a large income to be concerned about. Keep in mind that under our tax system, an annual income of Rs. 2.5 lakhs is entirely exempted from tax.

It is easy at that stage in your career to not worry about tax saving being an essential part of your income tax process. The benefits of tax saving can seem inconsequential. However, this can often set an unfavorable precedent for years to come.

As your career grows and your income witnesses an increase, tax saving should become an important aspect of your tax planning every year. Higher incomes are subject to higher tax rates, which is why it is prudent to save up as much of your hard-earned income as possible. Hence, the aspect of making crucial investments that can lower your tax burden for years to come, should be inculcated as early in your career as possible.

### **Importance and Benefits of Tax Saving**

In order to ensure that a country's government functions smoothly and provides the resources that its citizens need, income tax becomes an essential duty. Therefore, income taxes should not just be considered a burden to bear but rather a responsibility to fulfill. Every tax season, taxpayers must make sure that they file their returns and pay their fair share of taxes. But keep in mind that the

Indian government has also laid out various provisions that allow taxpayers to make their choice of investments and shave off considerably from their taxable incomes.

As a taxpayer, you should be just as concerned with overpaying your share of income tax as with underpaying it. That is why your process of tax return filing should always take the component and benefits of tax saving into account. To understand this topic better, let us explore the importance and benefits of tax saving further.

Tax planning is the process of analyzing a financial plan or a situation from a tax perspective. The objective of tax planning is to make sure there is tax efficiency. With the help of tax planning, one can ensure that all elements of a financial plan can function together with maximum tax-efficiency. Tax planning is a significant component of a financial plan. Reducing tax liability and increasing the ability to make contributions towards retirement plans are critical for success. Tax planning comprises various considerations. Considerations such as size, the timing of income, timing of purchases, and planning are concerned with other kinds of expenditures. Also, the chosen investments and the various retirement plans should go hand-in-hand with the tax filing status as well as the deductions in order to create the best possible outcome.

### **Tax-Saving Instruments**

Tax-saving instruments offer individuals various options to reduce their taxable income while simultaneously fostering savings and investments. Fixed deposits with a tax-saving component provide a secure option for those seeking steady returns. Public Provident Fund (PPF) is a popular long-term savings scheme offering attractive tax benefits under Section 80C. Unit Linked Insurance Plans (ULIPs) combine investment and insurance, allowing tax exemptions on premiums paid. The National Savings Certificate (NSC) and Senior Citizen Savings Scheme (SCSS) cater to specific demographics, ensuring guaranteed returns and tax benefits.

Life insurance and pension plans offer dual benefits of financial security and tax savings, while health insurance or Mediclaim allows individuals to claim deductions under Section 80D. The National Pension Scheme (NPS) is a robust retirement savings option with additional tax deductions. Tax-saving mutual funds, including Equity-Linked Tax Saving Schemes (ELSS), offer market-linked returns alongside tax exemptions. The Sukanya Samridhi Yojana (SSY), aimed at securing the future of the girl child, combines high returns with tax exemptions. Collectively, these instruments provide a comprehensive range of opportunities

for individuals to plan their finances efficiently while saving on taxes.

### Literature Review

V. K. Somasundaram (1999) the study identified problems faced by the investors and savers along with their expectations. Finally, the study has made necessary recommendations to inculcate a healthy, congenial, attractive investment climate for the investing community.

Bandgar P. K. (2000) this study investigates the existing pattern of financial instruments, investment preferences of middle income class investors, their behavior and problems relating to investment in financial instruments in India. The Study identified that nearly 16 percent of the respondents were suffering from the tribulations while trading the securities.

Raghu palat (2005) the author as far as possible attempted to provide detailed information on various matters that are required for effective tax planning thereby salaried employees minimize tax incidence and maximize his take home salary.

Singh Avinash Kumar, (2006) the study has undertaken a study to analyze the investment pattern of the people. Investors of all the age groups were preferred to invest in equity and except those who were in the age group of above 50 years preferred to invest in insurance, fixed deposits and tax saving schemes. Further it is found that, the investors who have preferred investments in equity were

following the stock market daily while those invested in mutual funds were watching stock market weekly or fortnightly.

V. A. Avadhani (2008) Author has shown the importance of securities analysis in the financial markets which are changing from time to time as per economic and financial scene. Author has explained this phase was good economic fundamentals of industries and companies with inflows of huge foreign funds into financial markets. This book has incorporated the changes and trends of the financial market towards globalization, privatization. Reform influenced portfolio management.

S. Kalavathy (2009) the study has conducted a study which is divided into two sections. On the entire analysis, it was found that with the proportion of population, the working age group of 15-64 years would also increase in future; the demographic extra savings would be likely to increase accordingly. The study further identified growth in the interest rate, per capita income, increase in banking facilities and the rate of inflation which shows statistically significant and positive impact on domestic savings.

Tulasi Priya (2014) the study stated that whether high income, middle and lower age group, minimum number of family members are conservative thinking or well educated opts for safe investment avenue. Investment companies also provide various investments which are

low risk tolerant, tax savings with high satisfaction with normal returns. The research also concluded that salaried earners are keen to invest for 5 to a 10 years period of investment with liquid and non-liquid nature of investment.

Meenu Baliyan and Dr. Girish Jain (2016) the study examines the relationship between the monthly expenses of households and with the other independent variables. Study examines the relationship between the different investment avenues like debt, equities, and real estate made by households and with the other independent variables. Income, gender, age and qualification are the most crucial factors of the investment behavior of households.

Sanket L. Charkha & Dr. Jagdeesh R. Lanjekar (2018) in this study researcher identified preferred investment avenues among individual investors by using self-assessment tests. It is revealed by the study that salaried employees consider the safety as well as good return on investment that is invested on a regular basis. Further it is also observed that there is a direct relationship between the income level and awareness of the different avenues of the investment. A person having more income will naturally look for investing more amounts.

Nidhi Bansal and Nazia Hassan (2019) the study is based on primary sources of data and has been analyzed using correlation and regression. The researchers have analyzed that people

consider the security, benefits, duration and opinion. The study found that there is significant inter correlation between perception of security, perception of benefits, duration of investment, awareness level of investors, sources of opinion and investment behavior of investors.

### **Objectives of the Study**

- To identify the most popular and suitable investment option of tax saving.
- To ascertain the level of awareness and perception of salaried individuals on various tax saving instruments.
- To understand financial planning done by salaried employees.
- To find out tax saving strategies adopted by individuals.

### **Research Methodology**

The present paper “A Study on Investors Perception About Tax Savings Schemes Among Teachers in Mandya Dist” is based on primary as well as secondary data. The primary data was collected from government teachers through mails and primary data was gathered by using structured questionnaire technique. Secondary data was collected from websites, literature, journals, articles etc. The response was collected from 50 respondents belonging to Mandya District. The survey was conducted in the months of May and June 2024. Data has been analyzed with the help of a column chart,

line chart, scatter chart, bar graph and pie chart.

### Results and Data Analysis

This section is about the data analyses. In this section all the data is interpreted so as to drive to a Conclusion.

**Table: 1-Demographic Profile**

| Variable          | F                 | %  |     |
|-------------------|-------------------|----|-----|
| Gender            | Male              | 25 | 50  |
|                   | Female            | 25 | 50  |
|                   | Total             | 50 | 100 |
| Age<br>(In years) | Below 30          | 7  | 14  |
|                   | 31-40             | 32 | 64  |
|                   | 41-50             | 8  | 16  |
|                   | Above 50          | 3  | 6   |
|                   | Total             | 50 | 100 |
| Marital<br>status | Married           | 28 | 56  |
|                   | Unmarried         | 16 | 32  |
|                   | Divorced          | 6  | 12  |
|                   | Total             | 50 | 100 |
| Dependents        | 1 Child           | 18 | 36  |
|                   | 2 Children        | 14 | 28  |
|                   | 3 Children        | 5  | 10  |
|                   | Only<br>Parents   | 13 | 26  |
|                   | Total             | 50 | 100 |
| Qualification     | D. Ed             | 0  | 0   |
|                   | B. Ed             | 2  | 4   |
|                   | Post<br>Graduate  | 33 | 66  |
|                   | Ph. D             | 10 | 20  |
|                   | Other<br>Graduate | 5  | 10  |
|                   | Total             | 50 | 100 |

**Source:** Data Collected through survey

From the above table, it can be observed that, among all the respondents the level of awareness about tax saving

instrument is 50% male and 50% female. Therefore, both male and female having same level of awareness. From the figure shown above, it can be observed that, among all the respondents the level of awareness about tax saving instrument is 14% respondents belongs to below 30 years, 64% respondents belong to 31-40 years, 16% respondents belong to 41-50 years and remaining 6% respondents belongs to above 50 years. Therefore, 64% of 31-40 years' age group people are more aware about tax saving instrument. The above figure shows that among all the respondents 56% belongs to married, 32% belongs to unmarried and 12% belongs to divorced. Therefore, married people are more aware about Tax saving instruments. As per the above table, it can be observed that, among all the respondents 36% respondents having 1 child, 28% respondents having 2 children, 10% respondents having 3 children and 26% respondents having only parents. Therefore, respondents having 1 child are more. From the above table, it can be observed that, among all the respondents there is no any D. Ed completed respondents, 4% respondents had completed B. Ed, 66% of respondents are post graduates, 20% of respondents are Ph. D holders and 10% respondents are other graduates. Therefore, 66% respondents of Post graduates are more aware about tax saving instruments. From the figure shown above, it can be observed that, from all the respondents 22% of respondents saved their income up to

10%, 30% of respondents saved their income up to 10-20%, 34% of respondents belongs to 20-30% saving, 4% of respondents belongs to 30-40% and 10% of respondents belongs to above 40% saving. Therefore, maximum 34% respondents are saves their income up to 20-30% are more.

**Table: 2-Filing of Return**

| Filing of Return | F         | %          |
|------------------|-----------|------------|
| 0-5 years        | 19        | 38         |
| 6-10 years       | 18        | 36         |
| 11-15 years      | 11        | 22         |
| 16-20 years      | 1         | 2          |
| Above 21 years   | 1         | 2          |
| <b>Total</b>     | <b>50</b> | <b>100</b> |

Source: Data Collected through survey

As per the above table, it can be observed that, among all the respondents 38% of respondents are filing their return from last 0-5 years, 36% of respondents are filing their return from last 6-10 years, 22% respondents belong to 11-15 years filing of ITR, 2% of respondents belongs to 16-20 years filing of ITR and 2% of respondents belongs to above 21 years. Therefore, maximum 38% of respondents filing their return from last 0-5 years are more aware about tax saving instruments.

**Table: 3-Sources of Information**

| Sources of information | F         | %          |
|------------------------|-----------|------------|
| Through tax consultant | 28        | 56         |
| Through Friends/Family | 17        | 34         |
| Through Media          | 5         | 10         |
| <b>Total</b>           | <b>50</b> | <b>100</b> |

Source: Data Collected through survey

The above table shows that among all the respondents 56% of respondents are getting information about tax saving instrument through tax consultant, 34% of respondents are getting information through friends/family and 10% of respondents through media. Therefore, 56% of respondents are getting information though tax consultant is more.

**Table: 4-Professional Financial Advising**

| Financial advising | F         | %          |
|--------------------|-----------|------------|
| Always             | 13        | 26         |
| Occasionally       | 18        | 36         |
| Rarely             | 16        | 32         |
| Often              | 3         | 6          |
| <b>Total</b>       | <b>50</b> | <b>100</b> |

Source: Data Collected through survey

From the above table, it indicates that, among all the respondents 26% of respondents are always taking financial advice for making investment, 36% of respondents belongs to occasionally, 32% of respondents belongs to rarely and 6% of respondents belongs to often. Therefore, maximum 36% respondents are taking professional financial advice for making investment decision occasionally is more.

**Table: 5-Formulation of Tax Planning.**

| Formulation of tax planning | F         | %          |
|-----------------------------|-----------|------------|
| Beginning of the year       | 19        | 38         |
| End of the year             | 12        | 24         |
| At any time                 | 11        | 22         |
| No planning                 | 8         | 16         |
| <b>Total</b>                | <b>50</b> | <b>100</b> |

Source: Data Collected through survey

From the table shown above, it can be observed that, among all the respondents 38% of respondents are formulate their tax planning during beginning of the financial year, 24% of respondents during end of the year, 22% of the respondents formulate their tax panning at any time and remaining 16% of respondents don't have no plan. Therefore, maximum 38% of respondents are formulate their tax planning at the beginning of the year during the financial year.

**Table: 6-Type of Tax Saving**

| Type of tax saving | F         | %          |
|--------------------|-----------|------------|
| Long term          | 23        | 46         |
| Medium term        | 24        | 48         |
| Short term         | 3         | 6          |
| <b>Total</b>       | <b>50</b> | <b>100</b> |

Source: Data Collected through survey

From the figure shown above, it can be observed that, from all the respondents 46% of respondents are prefer long term

tax saving investments, 48% of respondents are prefer medium term and 6% of respondents are prefer short term. Therefore, maximum 48% of respondents prefer to invest their money in medium term investments.

**Table: 7-Satisfaction of Tax Saving Benefit**

| Tax saving benefit satisfaction | F         | %          |
|---------------------------------|-----------|------------|
| Yes                             | 41        | 82         |
| No                              | 9         | 18         |
| <b>Total</b>                    | <b>50</b> | <b>100</b> |

Source: Data Collected through survey

From the above table, it indicates that, among all the respondents 82% of respondents are satisfied with the tax saving benefits provided by their employer and 18% of respondents are not satisfied with that. Therefore, maximum 82% of respondents are satisfied with the tax saving benefits provided by their employer

**Table: 8-Awareness Regarding Various Deductions**

| Description                            |                  | Not at all aware | Slightly aware | Some what aware | Moderately aware | Extremely aware | Total |
|--|------------------|------------------|----------------|-----------------|------------------|-----------------|-------|
|  | Professional Tax | N                | 13             | 14              | 12               | 4               | 7     |
|  | %                | 26               | 28             | 24              | 8                | 14              | 100   |
| Post office saving bank account        | N                | 14               | 14             | 12              | 7                | 3               | 50    |
|  | %                | 28               | 28             | 24              | 14               | 6               | 100   |
| Capital gain from transfer of property | N                | 19               | 7              | 19              | 3                | 2               | 50    |
|  | %                | 38               | 14             | 38              | 6                | 4               | 100   |
| Insurance premium                      | N                | 4                | 18             | 15              | 8                | 5               | 50    |
|  | %                | 8                | 36             | 30              | 16               | 10              | 100   |
| National Saving Certificate            | N                | 15               | 17             | 12              | 2                | 4               | 50    |
|  | %                | 30               | 34             | 24              | 4                | 8               | 100   |
| Provident fund                         | N                | 11               | 15             | 14              | 5                | 5               | 50    |
|  | %                | 22               | 30             | 28              | 10               | 10              | 100   |
| Mutual fund                            | N                | 12               | 10             | 16              | 7                | 5               | 50    |



|   |   |    |    |    |    |    |     |
|---|---|----|----|----|----|----|-----|
|   | % | 24 | 20 | 32 | 14 | 10 | 100 |
| Housing loan                                | N | 13 | 12 | 19 | 4  | 2  | 50  |
|   | % | 26 | 24 | 38 | 8  | 4  | 100 |
| Subscribed to approved infrastructure bonds | N | 13 | 11 | 16 | 7  | 3  | 50  |
|   | % | 26 | 22 | 32 | 14 | 6  | 100 |
| Fixed deposit in schedule bank              | N | 12 | 19 | 10 | 5  | 4  | 50  |
|   | % | 24 | 38 | 20 | 10 | 8  | 100 |
| Pension fund                                | N | 14 | 7  | 17 | 8  | 4  | 50  |
|   | % | 28 | 14 | 34 | 16 | 8  | 100 |
| Medical insurance                           | N | 9  | 13 | 21 | 3  | 4  | 50  |
|   | % | 18 | 26 | 42 | 6  | 8  | 100 |
| Donation to charitable fund                 | N | 15 | 16 | 12 | 2  | 5  | 50  |
|   | % | 30 |    | 24 | 4  | 10 | 100 |

**Source:** Data Collected through survey

From the above table, it can be observed that, among all the respondents the level of awareness about Professional tax is out of 50 respondent's maximum 28% of respondents are slightly aware and the few 8% of respondents are moderately aware about these deduction, in case of Post office saving bank a/c 28% of more respondents are both not at all aware and slightly aware and least 6% of respondents are extremely aware, about Capital gain from transfer of property 38% of respondents are both not at all aware and somewhat aware about these deduction and 4% of respondents are extremely aware by only few people, maximum 36% of respondents are slightly aware and the least 8% of respondents are not at all aware about insurance premium, relates to National Saving Certificate 34% of respondents are slightly aware and only few 4% of respondents are moderately aware, about Provident fund maximum 30% of respondents belong to slightly aware and 10% of respondents have both moderately aware and extremely aware,

relates to Mutual fund 32% of maximum respondents are somewhat aware and the least 10% of respondent are extremely aware, in case of Housing loan 38% of respondents belongs to somewhat aware and 4% of respondents are extremely aware, about Subscribed to approved infrastructure bonds 32% of more respondents are somewhat aware and 6% of respondents are extremely aware few peoples, relates to Fixed deposit in scheduled bank maximum 38% of respondents are slightly aware and 8% of respondents are belongs to extremely aware about these deduction, in case of Pension fund 34% of respondent are somewhat aware and the least 8% of respondents are extremely aware, about Medical insurance 42% of respondents are belongs to somewhat aware and 6% of respondents belongs to moderately aware, relates to Donation to charitable fund 32% of respondents belongs to slightly aware and the least 4% of respondents belongs to moderately aware by few respondents.

Therefore, out of all above deduction the level of awareness regarding professional tax is very popular and well aware by maximum 14% of respondents, they are extremely aware about this deduction and there is no any awareness

regarding Capital Gain from Transfer of Property by 38% of respondents, afterwards National Saving Certificate and Post Office Saving Bank account also less aware.

**Table: 9-Which of the Following Tax Paying Measures Adopted By You for the Previous Year?**

| SL.NO | Description  |   | Yes | No | Total |
|-------|--|---|-----|----|-------|
| 1.    | Sec.80C (Investment, Deposit to SPF, RPF, PPF, LIC, NSC, Mutual fund)      | N | 37  | 13 | 50    |
|       |  | % | 74  | 26 | 100   |
| 2.    | Sec.80CCC (Pension Fund)   | N | 18  | 31 | 50    |
|       |  | % | 36  | 64 | 100   |
| 3.    | Sec.80CCD (National Pension Scheme)  | N | 23  | 27 | 50    |
|       |  | % | 46  | 54 | 100   |
| 4.    | Sec.80D (Medical insurance premium)  | N | 21  | 29 | 50    |
|       |  | % | 42  | 58 | 100   |
| 5.    | Sec.80DD (Medical treatment)   | N | 31  | 19 | 50    |
|       |  | % | 62  | 38 | 100   |
| 6.    | Sec.80DDB (Medical treatment of specific diseases)                         | N | 21  | 29 | 50    |
|       |  | % | 42  | 58 | 100   |
| 7.    | Sec.80E (Interest on loan taken for higher studies)                        | N | 26  | 24 | 50    |
|       |  | % | 52  | 48 | 100   |
| 8.    | Sec.80EE (Interest on loan taken for residential house)                    | N | 22  | 28 | 50    |
|       |  | % | 44  | 56 | 100   |
| 9.    | Sec.80EEB (Interest on loan taken for electric vehicle)                    | N | 26  | 24 | 50    |
|       |  | % | 52  | 48 | 100   |
| 10.   | Sec.80G (Donations)  | N | 17  | 33 | 50    |
|       |  | % | 34  | 66 | 100   |
| 11.   | Sec.80GG (House loan)  | N | 27  | 23 | 50    |
|       |  | % | 54  | 46 | 100   |
| 12.   | Sec.80GGA (Research association to a university)                           | N | 22  | 28 | 50    |
|       |  | % | 44  | 56 | 100   |
| 13.   | Sec.80QQB (Royalty income)   | N | 23  | 27 | 50    |
|       |  | % | 46  | 54 | 100   |
| 14.   | Sec.80TTA (Interest on deposits in saving accounts)                        | N | 24  | 26 | 50    |
|       |  | % | 48  | 52 | 100   |
| 15.   | Sec.80TTB (Interest deposited in saving account in case of senior citizen) | N | 24  | 26 | 50    |
|       |  | % | 48  | 52 | 100   |
|       | Sec.80U (Income of a person with disability)                               | N | 23  | 27 | 50    |
|       |  | % | 46  | 54 | 100   |

**Source:** Data Collected through survey

From the above table it can be identified that, among all the respondents various tax paying measures adopted by them during previous year, majority 74% of respondents adopt section 80C for getting relief from tax and only few 26% of respondents not adopted this deduction, relates to Section 80CCC only 36% of respondents are used to adopt this deduction, in case of 80CCD 46% of respondents comes under this deduction, 42% of respondents belongs to 80D, relates to 80DD 62% of more respondents adopt this about 80DDB only 42% of respondents comes under this tax paying measures, about 80E majority 52% of respondents taken this deduction regarding 80EE 44% of respondents acquire, about 80EEB 52% of respondents acquire this deduction during previous year. regarding 80GG more respondents acquired it and regarding 80G, 80GGA, 80QQB,80TTA and 80U less than 50% of respondents adopted by them.

Therefore, majority 72% of a respondents adopt section 80C related to investment or deposit in SPF, RPF, PPF, LIC, NSC mutual fund and investment in various instrument tax paying measurement during previous year to get relief from tax liabilities and afterwards section 80D medical treatment also adopted by more respondents and only few 34% of respondents adopt donation deduction under section 80G.

**Table: 10-Percentage of Salary Currently Investment in Tax Saving Instrument**

| Investment in tax saving instrument | F         | %          |
|-------------------------------------|-----------|------------|
| Up to 10%                           | 14        | 28         |
| 10-20%                              | 22        | 44         |
| 20-30%                              | 9         | 18         |
| 30-40%                              | 4         | 8          |
| Above 40%                           | 1         | 2          |
| <b>Total</b>                        | <b>50</b> | <b>100</b> |

Source: Data Collected through survey

The above table shows that among all the respondents 28% of respondents are invest their money in tax saving instrument up to 10%, 44% of respondents are invest 10-20% in tax saving instruments, 18% of respondents are invest 20-30%, 8% of respondents belong to 30-40% and remaining 2% of respondents are belong to above 40%. Therefore, maximum 44% of respondents prefer to invest their 10-20% of salary in tax saving instruments.

**Table: 11-Tax Planning Challenges**

| Tax planning challenges          | F         | %          |
|----------------------------------|-----------|------------|
| Unaware of deduction             | 15        | 30         |
| Not maintaining proper documents | 16        | 32         |
| Risk management                  | 10        | 20         |
| Too much diversification         | 9         | 18         |
| <b>Total</b>                     | <b>50</b> | <b>100</b> |

Source: Data Collected through survey

As per the above table, it can be observed that, among all the respondents 30% of respondent's challenges regarding tax planning is unaware of deductions, 32% of respondents biggest challenges when it comes to tax planning is not maintaining proper documents, 20% of respondents belongs to risk management and 18% of respondents belongs to too much diversification. Therefore, maximum 32% of respondents biggest challenges when it comes to tax planning as a salaried employee is not maintaining proper documents is more.

**Table: 12-Type of Employees**

| Type of Employees  | F         | %          |
|--------------------|-----------|------------|
| Private            | 31        | 62         |
| State Government   | 13        | 26         |
| Central Government | 6         | 12         |
| <b>Total</b>       | <b>50</b> | <b>100</b> |

**Source:** Data Collected through survey

From the Table shown above, it can be observed that, from all the respondents 62% of respondents are working as a private employee, 26% of respondents are working under state government employees and remaining 12% of respondents are central government employee. Therefore, maximum 62% of respondents are private employees is more.

**Table: 13-Factors Consider for Increasing of Saving**

| Factors                     | F         | %          |
|-----------------------------|-----------|------------|
| Increasing salary           | 11        | 22         |
| Additional income/increment | 10        | 20         |
| Future needs                | 16        | 32         |
| Tax benefits                | 12        | 24         |
| Statutory requirements      | 1         | 2          |
| <b>Total</b>                | <b>50</b> | <b>100</b> |

**Source:** Data Collected through survey

From the above table, it indicates that, among all the respondents 22% of respondents are increasing their size of saving due to increasing salary, 20% of respondents are increasing their saving due to additional increment/ income, 32% respondents invest their money for future needs and 24% of respondents increase their saving to meet statutory requirements. Therefore, maximum 32% of respondents the main factor for increasing the size saving is for future needs is more.

**Table: 14-Motivators of Savings**

| Motivators of savings       | F         | %          |
|-----------------------------|-----------|------------|
| To meet specific purpose    | 12        | 24         |
| To earn income              | 14        | 28         |
| To meet contingent expenses | 9         | 18         |
| To get tax benefits         | 9         | 18         |
| To be secured at old age    | 6         | 12         |
| <b>Total</b>                | <b>50</b> | <b>100</b> |

**Source:** Data Collected through survey

From the table shown above, it can be observed that, among all the respondents 24% of respondents motivated to saves their money to meet specific purpose, 28% of respondents saves their money to earn income, 18% of respondents are motivated to both to meet contingent expenses and to get tax benefits and remaining 12% of respondents are saves their money for the purpose of secured at old age. Therefore, maximum 28% of respondents are motivated to saves their money to earn income is more.

**Table: 15-Investment Trend in Recent Year**

| Investment trend   | F         | %          |
|--------------------|-----------|------------|
| Increase           | 29        | 58         |
| Decrease           | 9         | 18         |
| Remaining constant | 12        | 24         |
| <b>Total</b>       | <b>50</b> | <b>100</b> |

Source: Data Collected through survey

The above table shows that among all the respondents, according to 58% of respondent’s investment trend in recent year is increase, according to 18% of respondent’s investment trend is decrease and according to remaining 24% of respondents it remains constant. Therefore, 58% of respondents think that investment trend in recent year is increase is more.

**Table: 16-Tax Planning Strategies**

| Tax Planning Strategies | F         | %          |
|-------------------------|-----------|------------|
| Tax credits             | 16        | 32         |
| Tax deductions          | 31        | 62         |
| Transfer pricing        | 1         | 2          |
| Tax deferral            | 2         | 4          |
| <b>Total</b>            | <b>50</b> | <b>100</b> |

As per the above table, it can be observed that, among all the respondents 32% of respondents are using tax credits strategy, 62% of respondents belongs to tax deductions, 2% of respondents belongs to transfer pricing and remaining 4% of respondents prefer tax deferral strategy. Therefore, maximum 62% of respondents are adopt tax deduction strategy to get relief from tax liability is more.

**FINDINGS**

- Both male and female have equal awareness on tax saving instrument on the basis of age.
- Most of the respondents on Awareness of tax saving instruments falls in the age group of 31-40 years i.e. 64%.
- Among all the respondent’s majority of respondents on awareness on tax saving instrument on the basis of marital status is from married category i.e. 56%
- From all the respondents one child dependents have more knowledge regarding tax saving instrument i.e. 30%
- Most of the respondents (i.e., 66%) are Post Graduates Holders of having Awareness of Tax saving Instrument on the basis of Education.
- Majority 34% of respondents saves their income up to 22-30% are more.
- Maximum respondents filing of return from last 0-5 years.

- Most of the salaried employees take the information from tax consultant occasionally. The respondents have also taken information from friends and family, as they can be said to be the most trusted individuals
- From the above study, it is found that most of the respondents formulate their Tax Planning during the beginning of the year i.e. 38%.
- The study has also revealed that most of the salaried employees are not aware about the benefits of tax saving investments like Capital Gain from Transfer of Property, National Saving Certificate, Post Office Saving Bank account etc. as well as Professional tax, Insurance premium, Provident fund, Mutual fund, Donation to charitable fund are the popular investment option.
- Majority of the respondents prefer to invest in Under section 80C (Investment in SPF, PPF, RPF, Mutual fund, LIC, NSC) is found to be the most preferred choice for investment over other investment preferences include Medical treatment and interest on loan taken for higher education. Donation, provided fund are less preferred.
- The survey identifies 48% of respondents prefer medium term tax saving investment.
- As per the result, 10-20% of salary invests in tax saving instruments by salaried employee.
- According to the result, the biggest challenge when it comes to tax planning of a salaried employee is Not maintaining proper documents i.e., 32%.
- Most of the respondents (i.e., 62%) are private institution employees are having Awareness of Tax saving Instruments on the basis of Occupation.
- According to the results, a future need will help a salaried individual to choose their Tax saving instruments.
- Based on the survey, it is found that maturity of respondents adopts tax deduction strategy while tax planning.

### SUGGESTIONS

As the famous saying goes, “A penny saved is a penny earned”. Tax planning is one of the ways that will help you save on taxes and increase your income. The Income tax Act provides deduction for various investments, saving and expenditures incurred by the taxpayer in a particular financial year.

It is absolutely essential to save your income what you earn, to have a plan for your future, and to resist spending funds that you do not already have. Investment in Statutory Provident Fund, Public Provident Fund, Recognized Provident Fund, Life insurance Premium, Mutual Fund, National Saving Certificate, Unit Linked Insurance Plan are found as most favored option by the youngsters today.

## CONCLUSION

The study attempted to know the awareness and perception regarding various tax saving instruments available to save the tax to the salaried individuals. The study concludes that the salaried individuals are well aware of the various deductions, reliefs, and rebates available as per the Indian income tax act. From this research we found out about the awareness and perception of tax saving instruments among various demographics like age, gender and occupation of salaried individuals. Our questions were directed at salaried individuals to know about their level of knowledge, factors and their thought on measures taken on their tax saving instruments. We found out that majority of the salaried individuals did invest their money but not all had tax saving knowledge. We gave our respondents to fill questionnaire and based on their response we judged whether they were financially knowledgeable. It was seen that among all different age groups both men and women had equal financial knowledge under salaried individuals. Our research clearly shows that the professional tax and investment in LIC, SPF, PPF, Mutual fund, RPF, NSC was one of the most widely accepted and invested from salaried individuals. Related authorities need to take more initiatives to spread awareness about Tax saving instruments.

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