

## A COMPREHENSIVE ANALYSIS OF AWARENESS OF INVESTMENT IN TAX SAVING PRODUCTS

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### ABSTRACT

One of the imperative constituents of personal financial planning is tax saving, which can be availed through certain deductions and exemptions available under the Income Tax Act, 1961, thereby reducing the taxable income. Of all these, the most important section of the Act is Section 80C that grants a deduction of Rs. 1,50,000 on account of specified investments in specified financial instruments. Such instruments include some of the very popular ones, including Public Provident Fund (PPF), National Savings Scheme (NSS), National Pension Scheme (NPS), and Equity-Linked Savings Scheme (ELSS), among others. The paper attempts to figure out how such tax-saving options benefit the individual and what is the motivation for choosing such instruments. The major objective of this study is to measure the knowledge of tax planning and the available tax deductions, mainly under Section 80C. The study has also been conducted to understand from where people gain information about such investment options and why they favor certain tax-saving instruments. Tax planning is an important component in lowering the tax liability with prudent use of various reliefs, deductions, exemptions, and rebates permissible under the Income Tax Act, 1961. In this study, it was observed that the tax-saving measure under Section 80C is the most widely used among the respondents. These investments are mainly in instruments like PPF, NSS, NPS and ELSS by the tax payers as here they get their return guaranteed while saving taxes at the time of maturity and thereby earning through returns in the long term. According to the study, other channels like Section 80D, 80E, and 80G have much less awareness; therefore additional provisions for tax exemptions are not much in use. The research would reflect the need for aggressive campaign and educational drive for increasing full scope of tax-saving options. In this way, people will better understand their various options and will make more informed decisions, optimize their strategies for saving on taxes, and reduce their liabilities.

**Keywords-**Tax Saving, NSS (National Savings Scheme), ELSS (Equity-Linked Savings Scheme), Tax Deductions

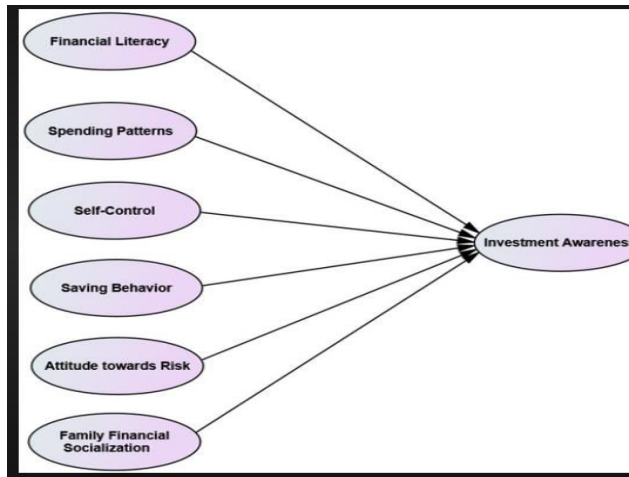


## I. INTRODUCTION

Tax-saving meanders is an extremely important allocate of individual money-related organizing, and they give individuals the opportunity of reducing their assess liabilities while concurrently building long-run riches. Particular courses of activity under Indian Recompense Charge Act 1961 let people decrease their assessable recompense via speculations into the specified kinds of cash-related in subordinate. Most used tax saving resistance is Section 80C under which gifting citizens are allowed to take conclusion of up to Rs. 1,50,000 from their assessable wage. Under this, accessible conclusions are those for speculations in different sorts of cash related things, for example, the Open Provident Finance (PPF), National Wander stores Plot (NSS), National Benefits Arrangement (NPS), and Equity-Linked Spare saves Scheme (ELSS), among others. The reason of area 80c is locking into people who help in the contribution of longterm hypothesis saves their in subordination whereas decreases assessable income to them. Tax organizing is the basic technique by which people reduce their overview burden sensibly by making use of the open tax-saving things. Thus, one can take pleasure in acceptances, unusual cases, and discounts available under the Stipend Charge Act, 1961 by making instructed decisions regarding where and how they would contribute. It is basically imperative to take proper speculation decisions with knowledge of all tax-saving plans. These will include lock-in, returns, and taxability features in the schemes. By way of comparison, for example, if the comparison were between a diagram with the fact that PPF delivered assured returns

over an extremely long time with the tax-free corpus accumulation, it still gives an extremely high return keeping the very low lock-in period but carries an elevated level of risk. This is a survey question, which has centers to describe respondents' knowledge about tax-saving rebellious underneath Zone 80C, especially in charge organizing and charge judgments. It will also analyze sources where respondents may have obtained the information about the meander choices from media, cash related advisors, or government sources. More so, the think around tries to understand it from the slants of individuals when they pick a tax-saving recalcitrant and researches the factors that affect their choices, such as the lock-in period, the expected returns, and the taxability of the returns. This will give an insight into which tax-saving recalcitrant is the most popular among people and why this is the most selected one. By understanding these inclines, policymakers and cash related instruct can way predominant cater to the needs of citizens, advancing more fruitful charge organizing and empowering the distribution of tax-saving investments.

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**Fig 1: Investment preferences**

## II. RELATED WORK

### 1. Income Tax Law and Practice with Tax Planning

**Author(s): Dr. H.C. MEHROTRA and Dr. S.P. GOYAL**

This is an in-depth book on Indian tax laws, especially the Income Tax Act, 1961. It goes deep into the different provisions of Section 80C and helps a person understand how to reduce one's taxable income through legal tax planning and numerous investment options that are available.

### 2. Students' Guide to Income Tax Including GST

**Author(s): Dr. Vinod K Singhania, Dr. Monica Singhania**

This book is an explanation of the Income Tax Act and Goods and Services Tax (GST) in simple words, addressed to students and professionals. It also gives insight into tax-saving instruments, deductions, and

exemptions with special emphasis on how salaried persons can reduce their tax liabilities by utilizing various provisions of the Act such as Section 80C.

### 3. Saving and Investment Pattern and Orientation towards Finance among Working Women in Universities of Saudi Arabia

**Author(s): Bindabel and Hamza Year: 2021**

This research study deals with the saving and investment behavior of working women in Saudi Arabian universities. The study explores the factors affecting financial decision-making and how an orientation towards finance affects saving and investment patterns. While the material of this research is not directly relevant to Indian tax planning, it does offer insights into more general saving and investment behavior that can be helpful in understanding how tax-saving instruments might fit into financial planning.

### 4. Tax Planning of Salaried Individuals: A Study

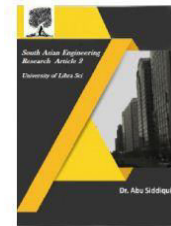
**Author(s): Neha Agarwal Year: 2020**

The paper discusses the tax planning techniques employed by salaried people in India. It explores how they make use of tax-saving tools under Section 80C, such as PPF, NPS, and ELSS. The study involves awareness and implementation of these tools and examines the effectiveness of tax-saving strategies for salaried individuals.

### 5. Teachers Understanding and Perception on Tax Saving Measures



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**Author(s): Arora, A. K., & Garg, K. Year: 2019**

This is a paper presented on the issue of educators being aware and in perception about the tax-saving options. The given study discusses about the levels where teachers are known to be updated about options that include PPF, NPS, and further options available along with their resultant impact on teacher's financial plan and tax savings

## **6. Teachers' awareness about tax-saving options**

**Author(s): Arora & Monika Year: 2019**

The present research study examines the degree of knowledge regarding tax-saving strategies among teachers, along with the type of understanding and usage of tax-saving instruments to reduce their tax liability. The paper also includes factors influencing the process during the selection of tax-saving options.

## **7. A Study on Awareness and Perception About Tax Saving Options Among Salary Earners**

**Author(s): Arora, A. K. & Rathi, P. Year: 2018**

The study deals with how salaried people are informed and perceive saving options in income tax. There is an underlying understanding of drivers for their choices of which tax planning instruments need to be made use of especially the preference among options like PPF, NPS, tax-saving FD.

## **III. PROPOSED SYSTEM**

The framework proposed centers to upgrade mindfulness and the best utilization of tax-saving opposition underneath Extend 80C and other courses of activity of the Pay Study Act, 1961. Despite the fact that individuals are commonplace with such outstanding choices as Open Provident Back (PPF), National Theory saves Plot (NSS), National Annuity Plot (NPS), and Equity-Linked Spare saves Arrange (ELSS), others overlook other valuable tax-saving choices that can decrease their overview liabilities advance. This framework intends to fill in the gap by presenting an integrated and easy-to-understand structure which educates the public of all tax-cutting opportunities open to them under the Wage Study Act. The focal point of this framework will be individualized tax-cutting proposals based on one's budgetary profile including his compensation, tax bracket, risk tolerance, and long-term goals. Taking into consideration all these factors, the framework will recommend the best theory alternatives, and it will help clients to make more informed decisions in respect to the way they can reduce their taxable reward even while growing long-term wealth. This will also make forward the decision-making handle by providing effortless sensible data regarding the highlights of each arrange such as lock-in periods, probable returns, and taxability of returns.

This is rather an important highlight that this framework shall provide: a smart individuals' tax-saving calculator. This shall allow clients to input their financial centers of interest and

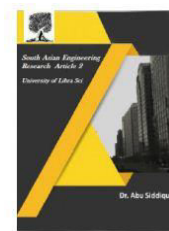


compare alternative hypothesis choices. This will help the clients assess how much they can save in charges through specific rebellious and how unclear meander scenarios may affect their common charge liabilities. Further, the system will monitor the tax-saving meanders of the users, hence creating a differentiation screen their advance and ensuring that they take full advantage of open acceptances under Section 80C. To enable upgrade client experience, the framework will send real-time overhauls and alerts on generally changes in charge laws, unused meander openings, and overhauls to existing plans. The above will then offer assistance clients remain up-to-date with the most afterward data vital to their tax-saving technique. Other than, the organize will be orchestrates with cash related organizations such as managing an account, common stores, and retirement coordinating defiant, permitting clients to effortlessly track their meanders and returns in real-time. Awareness campaigns will as well play a noteworthy parcel in advancing cash related capability. These campaigns will be passed on through adaptable apps, webinars, and social media channels, showing to jolt in a more wide gathering of people and teach them about the run of tax-saving courses of activity open underneath the Pay Charge Act. In the long term, this framework will offer assistance people maximize their study theory saves in spite of the fact that making strides their budgetary organizing, hence making tax-saving choices simpler, more instructed, and beneficial.

#### IV. IMPLEMENTATION

Consider on Mindfulness of Wander in Charge Saving Things," is based on both basic

and assistant data. Basic data was collected through a think about conducted with 150 respondents, utilizing a organized overview. The outline indicated to gauge the respondents' awareness of tax-saving items under Section 80C of the Pay Survey Act, 1961, and their biases and understanding of unique tax-saving defiant like PPF, NPS, NSS, and ELSS. The study contained both closed and open-ended questions that focused on ranges such as levels of awareness, sources of information, and factors influencing hypothesis choices, checking lock-in periods, returns, and taxability. For the assessment, the think approximately took up the supportive sporadic looking at technique that selects respondents based on accessibility and willingness to participate and therefore permitting a composed in any case sensible test. Assistant data was sourced from a series of exploratory articles, journals, and publications regarding tax-saving defiant and charge organizing under the Pay Evaluate Act, 1961, in a bid to develop a theoretical framework that supplements the revelations of the basic data. Collected data was analyzed using truthful gadgets; those includes weighted typical and rate examination. Weighted typical will make a distinction study the noteworthiness of various tax-saving things based on the responses of the respondents, while rate examination gives understanding into the degree of respondents careful of specific tax-saving insubordinate and their slants. This method allowed the think around to produce significant conclusions concerning respondents' mindfulness and theory behaviors regarding tax-saving defiance under Fragment 80C.



## V. ALGORITHM

### 1. Investment Preference Score Formula S

It is the score of each one of the available choices of investments based on several dimensions such as the lock-in period, returns in expectation, taxability, risk, and liquidity.

### 2. Pearson's Coefficient of Correlation(r)

It measures the relationship between two variables. In this case, it can be used to analyze how closely linked the source of information-media, advisors, or government-is to the investment preferences of individuals. When the variables in question are positively correlated, that means the one increases when the other does. A negative correlation means they move in opposite directions.

### 3. Ranking Investment Preferences

This algorithm sorts the investment options according to their calculated scores, thus enabling us to determine which investments are most preferred by respondents. It ranks the investments from highest to lowest score, helping identify the top choices.

### 4. Calculation of Average Investment Preference

This algorithm calculates the average preference score for each investment option across all respondents. By averaging the scores, we can get an overall sense of which investment options are generally more favored.

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## RESULT

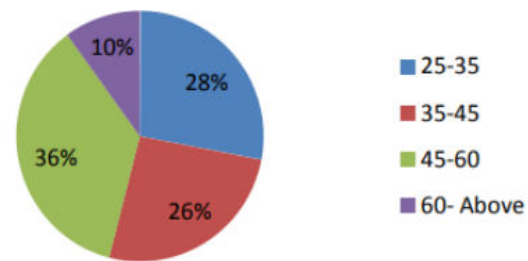


Fig 2: Age of respondents

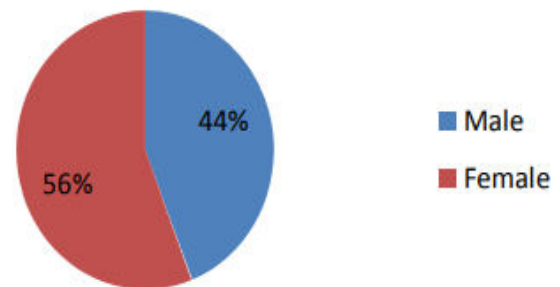
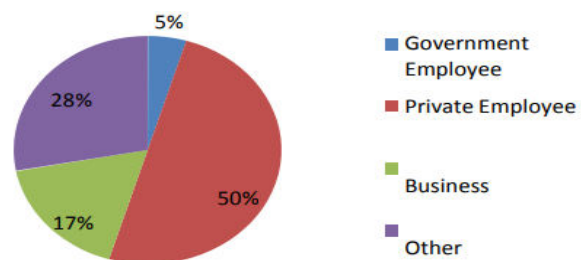
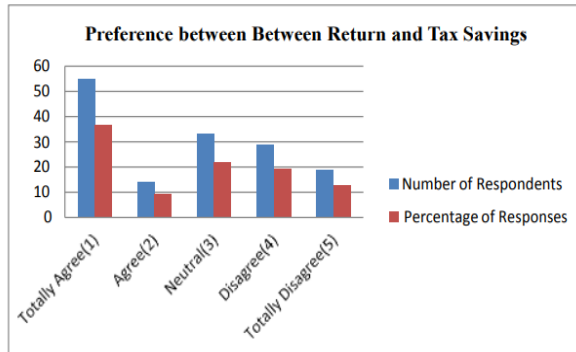


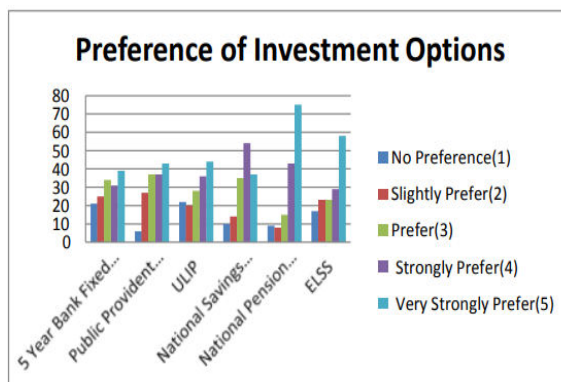
Fig 3: Gender of respondents



**Fig 4: Occupation of respondents**



**Fig 5:Returns vs tax savings**



**Fig 6:Preference of investment options**

## CONCLUSION

The find of this think around indicates that the respondents have a very important and clear understanding and knowledge about tax-saving schemes especially under Section 80C of the Income Tax Survey Act, 1961. Dominant rebel like Public Provident Fund (PPF), National Investment Stores Scheme (NSS), National Pension Scheme (NPS), and Equity-Linked Savings Scheme (ELSS) as much seem to be the most popular and exploited among the

population. Additionally, very interestingly, the larger share of the respondents has voted the National Annuity Plot and National Save reserves Certificate to be the favorite roam options to save for values. However, in an act of great negligence towards such widespread knowledge about Section 80C, a thin trickle appears to exist relating to other saving rebellious provisions offered under subsections that go all the way from Section 80CCD to Section 80U. Multiple assessment-related benefits and alternatives are being furnished by different provisions, and the fact that most of those are overlooked underscores the gulf between the prevailing perception among participants and the fuller picture of options. This means that although there may be a certain basic level of awareness concerning some of the tax-saving schemes, a more prominent teacher effort is required in persuading others regarding the broader extent of determinations and exemptions available under the Wage Charge Act. Further consciousness entails better planning and effective exploitation of assessments.

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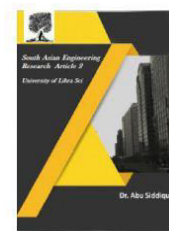


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