An Awareness Of Respondents About The Income Tax Provisions Applicable To Salaried Employees

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Abstract:
This abstract examines the significance and possibilities of investing for salaried employees, emphasizing their critical role in the economy and the importance of financial empowerment. Salaried employees make up a sizable share of the workforce in many nations, frequently serving as the foundation for steady economic growth. Despite their regular income, many salaried persons may fail to fully benefit on investing possibilities owing to issues such as a lack of expertise, time restrictions, or perceived hurdles to entrance.

Keywords: *Investments, Salaried Employees, Income tax*

Introduction:
Investment is the allocation of financial resources, time, or assets with the objective of earning income, realizing capital appreciation, or reaching a specific financial goal over a certain time period. Investing is the act of committing resources in the present with the expectation of future returns or advantages. Investments can take many forms, including financial instruments such as stocks and bonds, real estate, business operations, and other assets with the potential to expand or create revenue in the future. The primary goal of investment is to use capital in a way that increases wealth, preserves purchasing power, or achieves specific financial objectives.

Review of literature

Gopi Geethu ,D. Priyanka, and Preetha R.(2018) in this study, the paid labour are beginning to understand the value of money and its prosperity. They began setting up their own financial plans for the anticipated costs and comparing them to the actual costs they incurred in order to ensure that they were exempt from any additional alluring or trendy costs. The data clearly shows that the majority of employee funds go towards personal expenses like children's education, marriage, and retirement planning.

Shah Kavita and Brahmbhatt Mamta (2018) in this studied , individual investors' investment patterns and discovered that, regardless of the information available, investment decisions The amount does call for a significant degree of expertise, experience, and knowledge. There Many variables, including the investor's personality and risk tolerance, as well as gender and wealth, influence the choice of investment strategy. Before making any investments, investors should gather information on investments via the internet and talk with peers, friends, and financial specialists.

Dahiya Monika and Chaudhar Bhuvnender (2016) According to the author, investors can increase their own wealth by employing smart investment strategies and financial planning, which will stimulate economic growth. The many benefits that each investor seeks from owning a specific investment have a significant impact on the decision to invest. This essay examined research on the conduct of individual investors. Understanding saving and investment behavior may be critical for investors in managing their wealth, as well as regulators, investment agencies, researchers, and business managers in preparing to respond to the investor's diverse behavior.

Arora Akshita (2016) According to this survey, women continue to have limited general awareness of financial planning tools, approaches, and procedures. It can be attributed to issues such as women's lack of financial

literacy, their unfamiliarity with financial goods, and so on. Another reason for their lack of involvement in investment decisions could be that they rely on other family members, particularly men, for financial advice. The good aspect of the study is how women approach and behave when it comes to financial difficulties. If we want to do well in the financial literacy survey, we must improve women's financial literacy. These findings may have detrimental consequences for both women and society at large.

Velmurugan G., Selvam V. and Nazar Abdul N. (2015) According to this survey, women continue to have limited general awareness of financial planning tools, approaches, and procedures. It can be attributed to issues such as women's lack of financial literacy, their unfamiliarity with financial goods, and so on. Another reason for their lack of involvement in investment decisions could be that they rely on other family members, particularly men, for financial advice. The good aspect of the study is how women approach and behave when it comes to financial difficulties. If we want to do well in the financial literacy survey, we must improve women's financial literacy. These findings may have detrimental consequences for both women and society at large.

Research Gap

A review of the literature shows that individuals favor traditional investment options. A variety of factors influence investment selections, including safety, liquidity, tax benefits, and retirement planning. Consider employing safe assets, such as cash and bank accounts, for contingency planning and overall security measures. Tax breaks and pension plans are among the investments made in social security.

Objective of the Study

- To understand the basic concept of Investment.
- To determine respondent awareness of income tax provisions that apply to salaried employees.

Research Hypotheses:

H_0: There is no significance difference in the awareness of respondents about the income tax provisions applicable to salaried employees.

H_1: There is significance difference in the awareness of respondents about the income tax provisions applicable to salaried employees.

Research methodology

The structured questionnaire was distributed among the 435 professionals from Udaipur city, out of which 343 questionnaires were filled out by respondents, of which 17 were incomplete, hence they were not considered.

In order to determine the sample size, the computer program "Rao Soft" took into account the level of confidence (95%), the margin of error (5%), and the 70% answer distribution rate. utilized was simple random sampling. Professionals have been picked at random from various locations within the fifteen tehsils of Udaipur district.

Data Analysis

**1.1 Normality Test:**

Table 1.1 Normality Test

|	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
House Rent Allowance	.300	326	.000	.819	326	.000
Children Education & hostel Expenditure Allowance	.209	326	.000	.888	326	.000
Transport Allowance	.173	326	.000	.902	326	.000
Professional Tax	.207	326	.000	.869	326	.000
Interest on Housing loan	.220	326	.000	.859	326	.000
Insurance Premium	.198	326	.000	.873	326	.000
Contribution to Provident Fund	.195	326	.000	.896	326	.000
National Saving Certificate	.226	326	.000	.857	326	.000
Post office Savings	.192	326	.000	.870	326	.000
Tution fees	.189	326	.000	.903	326	.000
Subscription to Mutual Fund	.200	326	.000	.865	326	.000
Repayment of Housing Loan	.232	326	.000	.816	326	.000
Fixed deposits in banks	.188	326	.000	.886	326	.000
Contribution to Pension fund	.214	326	.000	.874	326	.000
Health Insurance policy	.204	326	.000	.877	326	.000
Higher Education Loan	.174	326	.000	.893	326	.000
Donation	.182	326	.000	.895	326	.000
Deduction for person with disability	.424	326	.000	.587	326	.000

a. Lilliefors Significance Correction

The above table explains the results of Kolmogorov-Smirnov and Shapiro-Wilk's tests for the purpose of normal distribution. The table shows that all variables under study are normally distributed at a 5% level of significance because the calculated p–value is greater than 0.05 under the Kolmogorov – Smirnov as the well as Shapiro – Wilk test.

Table:1.2 Monthly Income of Respondents

Monthly Income	No. of Respondents	Percentage of respondents
Below 10,000	32	9.8
10,000 - 50,000	111	34.0
50,000 - 1,00,000	141	43.3
Above 1,00,000	42	12.9
Total	326	100

Figure:1.1 Monthly Income of Respondents

Monthly Income

- Below 10,000
- 10,000 - 50,000
- 50,000 - 1,00,000
- Above 1,00,000
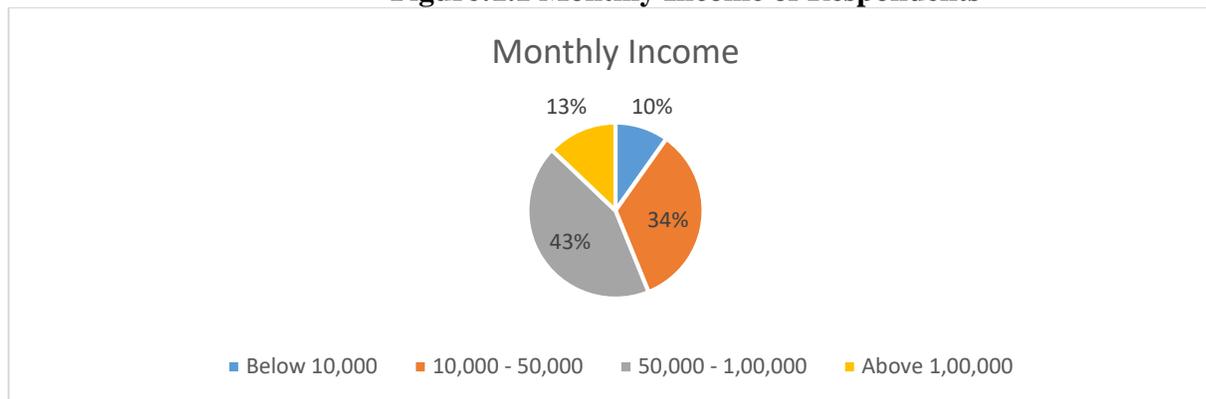
Observation: In this study, only salary income is considered to be a respondent's monthly income, which solely represents the amount of pay they receive in exchange for their services. There were four groups created for the monthly salary. The first category was up to Rs 10,000, which was selected by 32 respondents as 9.8%. The second group was between 10,000 to 50,000 Rs which was selected by 111 respondents as 34%. The third category was between 50,000 to 1,00,000 Rs which was selected by 141 respondents as 43.3%, which was the highest. The fourth category was above 1,00,000 rs, which was selected by 42 respondents as 12.9%.

Figure:1.2 Income other than Salary

Income other then Salary
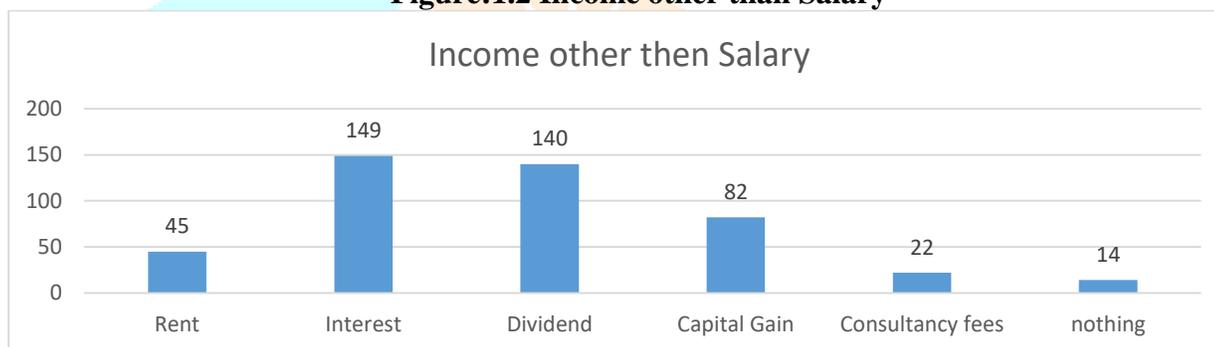
Observation: The other source of income shows that there are other sources of money besides a regular salary. It could be the result of earning investment returns or providing other services or expertise. A total of 452 responses have been collected from a total of 326 respondents. Six were mentioned in the questionnaire. The first category was rent as rental income; a total of 45 responses have been received for this option. The second category was interest; a total of 149 respondents have received this option. The third category was dividend income, which was earned by investing in equity shares, preference shares, or mutual funds from which dividend options were available. A total of 140 responses have been received for this option. The fourth category was profit on sale of assets, which means capital gain. A total of 82 responses have been received for this option. The fifth group was consultancy fees, which means that respondents earn by providing their expertise and knowledge to others and charging fees for their services. A total of 22 respondents responded to this option. The last option is other sources of income that were not covered in the above category, like royalty, agriculture, etc. A total of 14 responses have been collected for this option.

Table: 1.3 Monthly savings of Respondents

Monthly savings	No. of Respondents	Percentage of respondents
Below 1,000	31	9.5
1,000 - 5,000	52	16.0
5,000 - 10,000	150	46.0
Above 10,000	93	28.5
Total	326	100

Figure:1.3 Monthly savings of Respondents

Monthly Savings
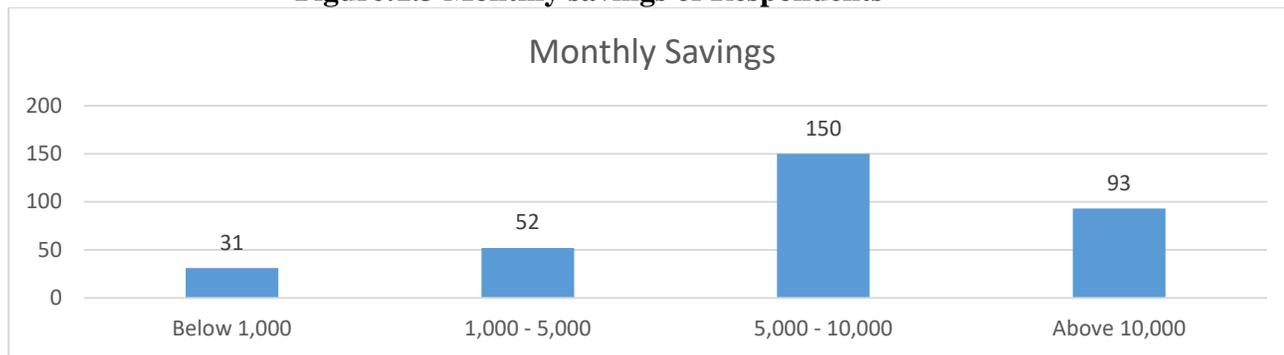
Observation: The respondents' saving behavior reveals the amount left over after deductions from their salaries and other sources of income. The investor is typically encouraged by the savings to invest in preferred assets or for other needs. There were four categories assigned for this study. The first category was below 1,000 Rs; a total of 31 respondents answered that they saved in this category. The second category was between 1,000 to 5,000 Rs, total, 52 respondents answered that their savings were in this category. The third category was between 5,000 to 10,000 Rs; a total of 150 respondents answered that their savings were in this category, and the fourth category was above 10,000 Rs in this option 93 respondents answered that there were savings in this category.

Figure:1.4 Investment Portfolio of Respondents

Investment portfolio
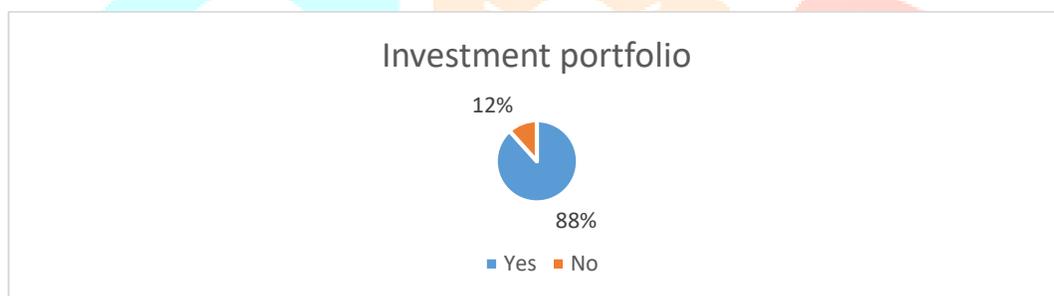
Observation: This table shows the respondents responses to investment from income. In which 288 respondents, which represent 88.3%, responded yes that they invest their money, whereas 38 respondents responded no, which represents 11.7%. The reasons for not investing were many, but the main one was that salaries were relatively low, which was agreed upon by 18 respondents; household expenses were high, which was agreed upon by 24 respondents; inflation was high, which was agreed upon by 26 respondents; future uncertainty was agreed upon by 10 respondents; and 15 respondents believed in present spending.

Table:1.5 Investments of Respondents

Investment Amount	No.of Respondents	Percentage of respondents
Below 10,000	62	19.0
10,000 - 50,000	78	23.9
50,000 - 1,00,000	131	40.2
Above 1,00,000	55	16.9
Total	326	100

Figure:1.6 Investments of Respondents

Observation: The above table and figure show the respondents responses for an amount invested by them. For this, there are four categories. The first category was below 10,000 Rs, in which 62 respondents responded, which represents 19% of the total; the second category was between 10,000 to 50,000 Rs, in which 78 respondents responded, which represents 23.9% of the total; the third category was between 50,000 to 1,00,000 Rs, in which 131 respondents responded that they invest from their savings, which represents 40.2% of the total; and the last category was above 1,00,000 Rs in which 55 respondents responded, which represents 16.9% of the total respondents.

Table:1.4 Level of Awareness regarding various provision under Income tax Act

Particulars	Extremely Aware	Aware	Slightly Aware	Unaware	Extremely Unaware
House rent Allowance	195	52	35	21	23
Children Education & Hostel Expenditure allowance	89	150	46	20	21
Transport Allowance	63	73	135	27	28
Professional Tax	69	82	88	52	35
Interest on Housing loan	103	94	72	38	19
Insurance premium	105	102	71	28	20
contribution to provident fund	102	88	74	41	21
National saving certificate	71	96	88	42	29
Post office Savings	107	107	68	29	15
Tution fees	107	77	79	40	23
subscription to Mutual fund	62	92	85	51	36
repayment of housing loan	103	88	77	30	28
Fixed deposit in banks	134	98	61	17	16
contribution to pension fund	83	88	86	36	33
Health Insurance Policy	92	96	69	39	30
Higher Education loan	89	91	73	38	35
Donation	77	81	90	41	37
Deduction for person with disability	68	89	93	37	39

Table 1.5 Income tax provision of salaried employees

Particular	Chi-Square	df	Asymp. Sig.
House Rent Allowance	185.933[a]	4	.000
Children Education & hostel Expenditure Allowance	119.337[a]	4	.000
Transport Allowance	29.184[a]	4	.000
Professional Tax	79.429[a]	4	.000
Interest on Housing loan	98.141[a]	4	.000
Insurance Premium	68.877[a]	4	.000
Contribution to Provident Fund	51.393[a]	4	.000
National Saving Certificate	112.466[a]	4	.000
Post office Savings	68.908[a]	4	.000
Tution fees	33.356[a]	4	.000
Subscription to Mutual Fund	72.252[a]	4	.000
Repayment of Housing Loan	162.129[a]	4	.000
Fixed deposits in banks	48.448[a]	4	.000
Contribution to Pension fund	55.319[a]	4	.000
Health Insurance policy	45.166[a]	4	.000
Higher Education Loan	36.577[a]	4	.000
Donation	43.387[a]	4	.000
Deduction for person with disability	574.644[a]	4	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 65.2.

The above table shows the level of awareness regarding various provisions under the Income Tax Act, 1961. As per the statistical structure, the null hypothesis H_o will be rejected when the significant value is lower than the 0.05 value at the 5% level of significance. In the present analysis, the researcher has found that the significance value is 0.000, so the null hypothesis is rejected.

Conclusion

A study of salaried employees' investment behavior is highly relevant and significant, considering the importance of investment decisions for financial well-being and long-term financial goals. The study can shed light on how salaried people approach investment decisions, what factors influence their choices, and how their investment behavior evolves over time. Such a study could be useful for financial planners, investment advisors, and legislators looking to enhance financial literacy and improve the financial results of salaried people.

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