A Study on Awareness of Tax Saving Schemes Among Women Faculty of Degree Colleges of Hyderabad District

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ABSTRACT

Investment is the sacrifice of certain present value for the uncertain future reward. Investments are always interesting, challenging and rewarding. Investment involves selection of the right kind of instruments / schemes with an aim of maximizing returns. The decision regarding the type of instrument/investment depends upon the risk taking capabilities of individuals. As the risk taking capability vary from person to person according to their risk taking nature, age, family and other responsibilities and obligations, availability of surplus funds for investment etc. The choice of investment avenues will vary from individual to individual.

Tax Planning is an essential part of financial planning. Efficient tax planning enables us to reduce tax liability to the minimum. This is done by legitimately taking advantages of all tax exemptions, deductions rebates and allowances while ensuring that the investments are in line with their long term goals.

The purpose of this paper is to find out the awareness of tax saving schemes and to identify the preference of tax saving schemes among women faculty of Degree Colleges of Hyderabad.

Index Terms: Investments, Savings, Tax, Tax Saving Instruments, Tax Planning

1. Introduction

Investment is an interesting and most fascinating activity that attracts all people irrespective of their occupation, education and social status. In the financial sense, investment is the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of time. The main aim of an investor may be of capital appreciation or regular returns or minimize tax liability etc.. Investment is the employment of funds with an aim of getting return on it. It is the commitment of funds which have been saved from current consumption with the hope that some benefits will accrue in future. Thus, it is a reward for waiting for money. The main elements of Investments are Return, Risk and Time. Investors have two different options for Investment. They can invest in Financial assets like Shares/Debentures/Government Bonds/Mutual Funds/Bank Deposists /Post Office Savings/Life Insurance Schemes/Provident Funds/Chit Funds or Physical Assets like Land/Building/Gold.

An Individual's Total Income comprises of five important heads of income such as Income from salary, Income from Houseproperty, Business/professional income, Capital Gains and Income from other Sources. The amount of tax to be paid depends upon the Quantum of Income earned. Efficient tax planning enables us to reduce our tax liability. Tax Planning involves making investments with the objective of minimizing the tax liability and maximizing returns. Therefore Tax Planning involves selection of right kind of Tax saving Instruments for investing surplus income/savings.

Some of the best tax saving options, plans and schemes available for Individuals to maximize tax benefits are:

S.No	Tax saving Option & Plan	Tax Benefit under section

1	Life Insurance	Section 80C (Premium) Section 10(D) (Death / Maturity)
2	Tax-saving mutual funds	Section 80C Section 10(D) (Death/Maturity)
3	Health insurance or Mediclaim	Section 80D
4	National pension scheme	Section 80CCD
5	Public Provident Fund/PF	Section 80C
6	Home Loans	Section 80C

TAX SAVING INSTRUMENTS : Deduction under section 80C is allowed only to individual

or HUF, up to a maximum limit of 1,50,000 Rs. and the deduction is allowed only when the amount has actually been paid

by the assessee.

Some of the best tax saving options, plans and schemes available for Individuals to maximize tax benefits are:

➢ **Life Insurance as A Tax Saving Option**

Life Insurance and Tax Benefits

The investment in Life Insurance is not primarily for the purpose of getting returns on the investment but it is for the cover against unfortunate eventuality that may arise. It is not for the benefit of the person who passes away but it is to guard his family/dependents against the events that could affect them in the unfortunate circumstance of his / her demise.

Tax benefits:

The premium paid by an individual for life insurance of self or spouse or any child of such individual and the same by a Hindu Undivided Family for life insurance of any member is eligible for deduction from income under section 80C of the Income Tax Act.

➢ **Mutual Funds as A Tax Saving Option:**

A mutual fund is a financial intermediary that pools funds of a group of investors and invests the pooled money with a predetermined investment objective. All mutual fund have a fund managers who take decisions regarding investing the collected money into specific securities i.e. equity shares, debentures, bonds or other securities. A person on investing in a mutual fund, buys units or shares of the mutual fund and thus he or she becomes a unit holder or shareholder of the fund.

The amount invested in Equity Linked Savings Schemes is eligible for exemption from Income Tax under Section 80C of Income Tax Act. These schemes generally have a lock in period of three years.

The dividend income received on mutual funds is exempt from income tax in the hands of the investor.

Long term capital gain tax is available on income due to appreciation of value of units of mutual funds.

➢ **Health Insurance as a Tax Saving Option**

Medical treatment nowadays is becoming costlier day by day. The cost of a specialty treatment and most treatments involving surgery has already gone beyond the limit, most middle income group people can afford. Health / medical insurance is the only solution for those who do not get medical facilities/reimbursement of medical expenses from their employers.

Generally all health insurance policies cover expenses incurred during hospitalization and also during the pre and post hospitalization stages. The cover will be to the extent of the sum insured. The detailed list of reimbursable and non-reimbursable expenses is provided in the policy.

Nowadays most insurance providers have a list of empaneled hospitals and the policy holder is not required to make any payment (up to the amount permissible in the policy) for getting treatment in such empaneled hospitals. This is called "Cash-less Hospitalization". The Insurance company settles the bill directly with the hospital.

It is advisable that one goes through the list of diseases/ailments covered and the list of exclusions before buying a health insurance / mediclaim policy and also study the claim procedure to avoid any future complications.

Tax Benefits

Health / mediclaim policies also provide the tax benefits under Section 80D upto Rs. 30,000/- for senior citizens and upto Rs. 25,000/- for others if the premium is paid in respect of health insurance of the assesse or his family members. An additional relief for health/ medical insurance of parents, Rs. 30,000/- if parents are senior citizen and Rs. 25,000/- for others. Therefore. the maximum deduction available to a resident individual under Section 80D is to the extent of Rs. 60,000/-. This relief is in addition to the maximum relief of Rs. 150,000/- available for investments under section 80C, 80CCC and 80CCD.

➢ **National Pension System as A Tax Saving Option**

The National Pension Scheme (NPS) is a relatively new tax-saving investment option. Investors in the NPS stay locked-in till retirement and can earn higher returns than PPF or EPF since the NPS offers plan options that invest in equities as well. The maturity corpus from the NPS is not entirely tax-free and a part of it has to be used to purchase annuity that will give the investor a regular pension.

➢ **Public Provident Fund Scheme**: Tax benefits and Features

Investment in **PPF (Public Provident Fund) Account is a favorite tax saving investment option** for Indian tax payers in view of the following :

- Deposits made in PPF accounts up to prescribed limits are eligible for relief under section 80C of Income Tax Act.
- Interest earned in PPF accounts is exempt from Income Tax.
- The balance in a PPF account is exempt from Wealth Tax.
- The balance in a PPF account cannot be attached under a court decree.
- It is a no risk investment scheme.

But for the long maturity period of 15 years, PPF is the best available option for tax saving. PPF accounts can be opened at designated branches of State Bank of India and its associate banks, all Head Post Offices and other designated Post Offices and at designated branches of other nationalized banks.
The account can be opened with a minimum subscription of Rs. 100/-. However, Rs. 500/- per annum is required to be deposited.
The maximum amount limit is Rs. 1.50 lacs per annum. The amount can be deposited in lump-sum or in convenient instalments not exceeding 12 in a year.
 The limit of Rs. 1,50,000 for deposits in a year shall apply to an individual's self-account and accounts of his minor children, all combined.

➢ **Home Loans and Tax Benefits**
Home Loans also help in reducing the tax liability. Currently undernoted tax reliefs are available on Home Loans:

- Repayment of housing loan upto Rs. 1,50,000/- (inclusive of other investment u/s 80C) qualifies for relief under section 80C of the Income Tax Act.
- A further rebate, subject to certain conditions, in the form of deduction on accrued interest is available. The rebate shall be upto Rs. 2,00,000/- (Rs. 1,50,000/- upto 31.03.2015) per annum under Section 24 of the Income Tax Act.
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2. Review of Literature:

An attempt is made to review some of the studies relevant to the topic in order to get into in depth details of the chosen article.
Lalitha and Surekha M. (2008)[1] concluded that the retail investor is here to stay and the capital markets may well emerge as strong contenders for traditional investment avenues like bank/post office deposits. They also focused on investor's education and investment decision of retail investors.
Geetha et al. (2011)[2] analyzed performers study on people's preferences investment behaviour and found that most of the investors would prefer to invest their money in insurance, NSC, PPF and bank deposit. The author suggested that no one

get aware about stock market, equity, bound and debentures. Therefore, the awareness program is must to know new services about stock market.

Savitha and Lokesh Gautham (2013)[3] revealed that tax planning is an essential part of our finanacial planning and analyzed that the most adopted tax saving instrument among Business class and service class is Life Insurance policy followed by provident fund..

Shilpa C.A.Vasant Bhide (2013)[4] Has studied awareness of Income Tax Provisions and Tax Planning Among Salaried Assesses and observed that majority of them had basic knowledge of tax provisions and most of them do not take professional advice from Tax consultants.

3. Research Gap : Women in India now form a meaningful economic category and are considered as equal partners in promoting economic development of the country. The provision of education including higher education has been a strong factor for the socio-economic transformation of women in India. Women in India now have realized the importance of savings and investments in improving their individual economic status as well as their family a whole. There is no much study on awareness of various tax saving instruments and tax planning in general among investors and women in particular. Thus, the present paper makes an earnest attempt to study the Investment in Tax Saving schemes among Women Faculty working in Degree Colleges of Hyderabad District of Telangana State.

4.Research Methodology:
Sources of Data:

1.Primary Source: Primary data will be collected from respondents by administering Structured Questionnaire.

2.Secondary Source: The Secondary Data is collected from Articles, Studies made by Individuals, Journals, Books, websites.

Statistical Tools:

The collected data will be analysed through statistical tools and Techniques like Percentages. Mean, Standard Deviation and inferential tools like chi-square , F test.

Sample Size : The Study has taken 70 Women Faculty who are the working in Government ,Aided and Constituent Degree colleges of Hyderabad District.

5. Objective :

1. To Know the Awareness on several Tax saving schemes among women faculty of Government, Aided, Constituent Degree colleges and identify the most preferred Tax Saving Scheme.

6.   ANALYSIS AND INTERPRETATION:

PHASE 1: Demographic profile of the Respondents:

1.AGE SLAB: Age wise maturity and exposure are always implicit at several situations. So age is identified as the criteria for analysis. Therefore, the age-slab of the respondents is studied in detail and presented in the following Table 1 and it is observed that maximum number if respondents are aged between 40 to 50 years.

Table 1

Age	Frequency	Percent
Below 30 Yrs	17	24.3
30 to 40 Yrs	21	30.0
40 to 50 Yrs	25	35.7
Above 50 Yrs	7	10.0
Total	70	100.0
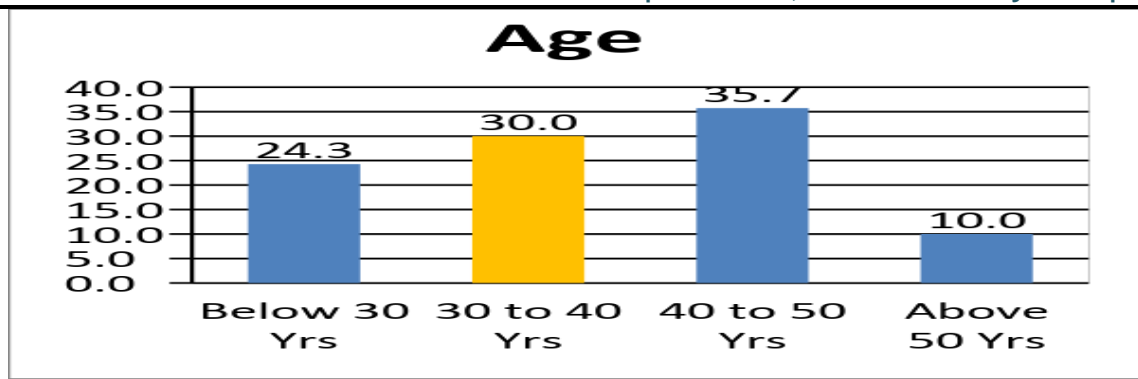
2. Status Of Employment: Investors with different status of employment may seek about investment information there by choosing the best. Hence, an analysis is made to find out the nature of work of the investor and the data obtained depicts that 41 women faculty are working in Aided ,19 in Government and 10 in Constituent Degree colleges presented in the Table 2.
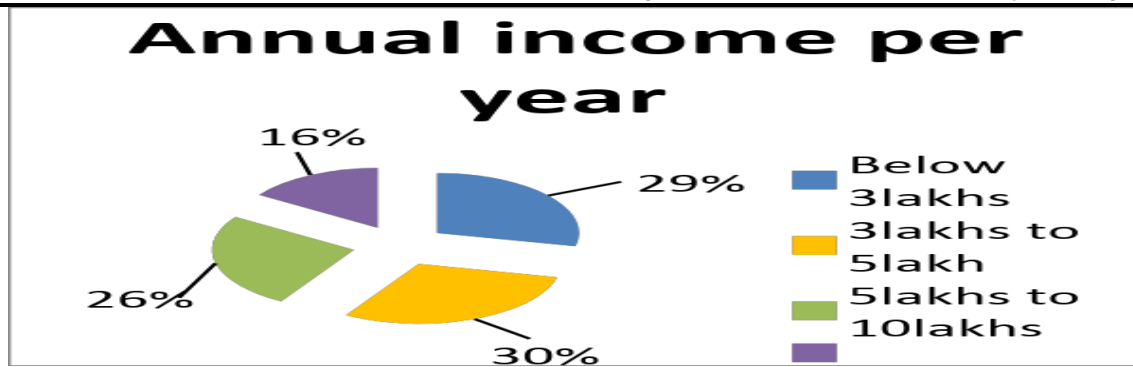
Table 2

Status of employment	Frequency	Percent
Government	19	27.1
Private Aided	41	58.6
Constituent	10	14.3
Total	70	100.0
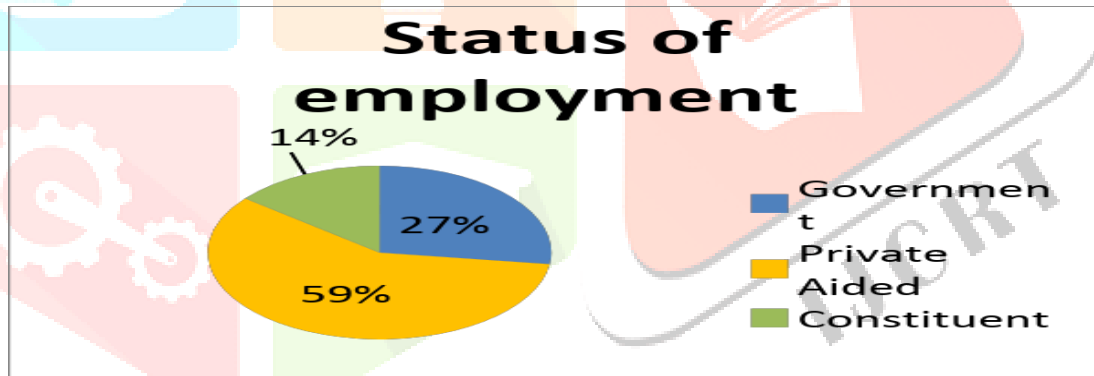
3.Annual Income is a source for investment that provides an option for a specified investment – an investor is potential enough to afford. So, a survey is made and the responses summarises that 30%of the respondents annual income is between 3 to 5 lakhs,28.6% have below 3 lakhs,25.7 % have between 5 to 10 lakhs followed by 15.7% having above 10 lakhs obtained are presented in the following Table 3.
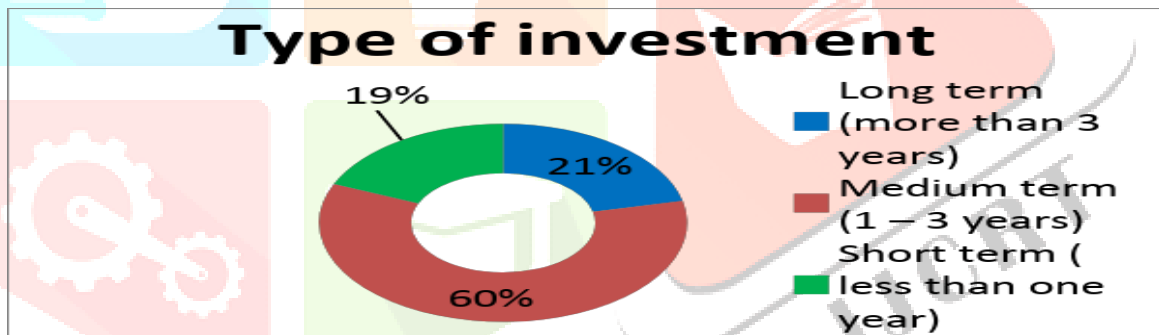
Table 3

Annual Income	Frequency	Percent
Below 3lakhs	20	28.6
3lakhs to 5lakh	21	30.0
5lakhs to 10lakhs	18	25.7
Above 10lakhs	11	15.7
Total	70	100.0

4.**Type of Investment**: Investors put fixed amount into a particular investment and expect reasonable return for their investment to meet their goals. It is inferred from table 4 that 60% of the respondents are investing in medium term ,21.4% in long term and 18.6% in short term .

Table 4

Type of Investment	Frequency	Percent
Long term (more than 3 years)	15	21.4
Medium term (1 – 3 years)	42	60.0
Short term (less than one year)	13	18.6
Total	70	100.0

5. **Proportion Of Income Saved in an Year:** Savings play a major role in investments to meet the financial goals of the respondents and henceforth survey is made and the responses are projected in the following table 5.

Table 5

Proportion Of Income Saved	Frequency	Percent
Up to 10%	17	24.3
10-20%	20	28.6
20-30%	21	30.0
30-40%	9	12.9
Above 40%	3	4.3
Total	70	100.0

Proportion of income saved in a year
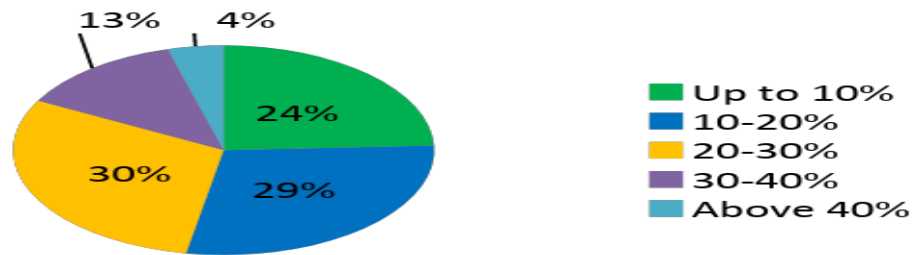
PHASE 2: Awareness and Preference of Tax Saving Schemes

H01: There is no significance mean difference in awareness of tax saving schemes in different age groups.

Age	N	Mean	Std. Deviation	Std. Error		Sum of Squares	df	Mean Square	F	Sig.
Below 30 Yrs	17	4.1134	.46911	.11378	Between Groups	.839	3	.280		.122
30 to 40 Yrs	21	4.0544	.36063	.07870	Within Groups	9.215	66	.140		
40 to 50 Yrs	25	4.1914	.33358	.06672	Total	10.054	69		2.002	
Above 50 Yrs	7	4.4388	.26544	.10033						
Total	70	4.1561	.38172	.04562						

From the above table we test the difference in awareness of tax saving schemes among different age groups. For each group mean and Sd is presented. Calculated F-value is 2.002, p=0.122 which is > 0.05. Here critical value at 5% Level significance at (3, 66) degrees of freedom is 2.74.

Conclusion: Here Calculated F-value is 2.002 is less than critical value 2.74, hence accept null hypothesis and conclude that there is no significance mean difference in awareness level of tax saving schemes in different age groups of the faculty.

H02: There is no significance mean difference in tax saving awareness schemes in different status of the employees.

Status of Employee	N	Mean	Std. Deviation	Std. Error		Sum of Squares	df	Mean Square	F	Sig.
Government	19	4.0865	.34221	.07851	Between Groups	.477	2	.239		
Private Aided	41	4.1411	.41234	.06440	Within Groups	9.577	67	.143		
Constituent	10	4.3500	.27241	.08614	Total	10.054	69		1.670	
Total	70	4.1561	.38172	.04562						

From the above table we test the difference in tax saving awareness schemes in different status of employees and for each group mean and Sd is presented. Calculated F-value is 1.670, p=0.196> 0.05. Here critical value at 5% Level significance at (2, 67) degrees of freedom is 3.13.

Conclusion: Here Calculated F-value is 1.670 is less than critical value 3.13, hence accept null hypothesis and conclude that there is no significance mean difference in tax saving awareness schemes in different status of the employees, However the women faculty of constituent colleges have more awareness level when compared to government and aided faculty.

H03: There is no significance mean difference in tax saving awareness schemes at different Income Level

Income	N	Mean	Std. Deviation	Std. Error		Sum of Squares	df	Mean Square	F	Sig.
Below 3lakhs	20	4.1786	.33782	.07554	Between Groups	.079	3	.026		.914
3lakhs to 5lakh	21	4.1259	.31615	.06899	Within Groups	9.975	66	.151		
5lakhs to 10lakhs	18	4.1944	.42421	.09999	Total	10.054	69		.174	
Above 10lakhs	11	4.1104	.52427	.15807						
Total	70	4.1561	.38172	.04562						

From the above table we test the difference in tax saving awareness schemes at different income levels of employees and for each group mean and Sd is presented. Calculated F-value is 0.174, p=0.914 > 0.05. Here critical value at 5% Level significance at (3, 66) degrees of freedom is 2.74.

Conclusion: Here Calculated F-value is 0.174 is less than critical value 2.74, hence accept null hypothesis and conclude that there is no significance mean difference in tax saving awareness schemes at different income levels of employees.

H04: There is no significance mean difference in awareness of tax saving schemes and in different type of investments.

Type of Investment	N	Mean	Std. Deviation	Std. Error		Sum of Squares	df	Mean Square	F	Sig.
Long term (more than 3 years)	15	4.1714	.41545	.10727	Between Groups	.005	2	.002		
Medium term (1 – 3 years)	42	4.1514	.37306	.05756	Within Groups	10.049	67	.150		.015
Short term (less than one year)	13	4.1538	.40073	.11114	Total	10.054	69			
Total	70	4.1561	.38172	.04562						

From the above table we test the difference in tax saving awareness schemes with that of type of Investment that an investor makes and for each mean and Sd is presented. Calculated F-value is 0.015, p=0.985 > 0.05. Here critical value at 5% Level significance at (2, 67) degrees of freedom is 3.13.

Conclusion: Here Calculated F-value is 0.015 is less than critical value 3.13, hence accept null hypothesis and conclude that there is no significance mean difference in tax saving awareness schemes with that of different type of short, medium and long term investments made.

H05: There is no significance mean difference in the awareness of tax saving schemes and the proportion of savings .

Percent of Income Saved	N	Mean	Std. Deviation	Std. Error		Sum of Squares	df	Mean Square	F	Sig.
Up to 10%	17	4.2227	.42475	.10302	Between Groups	.920	4	.230		
10-20%	20	4.2357	.38507	.08610	Within Groups	9.134	65	.141	1.638	.175
20-30%	21	4.0714	.30472	.06650	Total	10.054	69			

30-40%	9	3.9603	.39627	.13209					
Above 40%	3	4.4286	.39770	.22961					
Total	70	4.1561	.38172	.04562					

From the above table we test the difference in tax saving awareness schemes with the Percentage of Income Saved by the respondents per annum and for each mean and Sd is presented. Calculated F-value is 1.638, p=0.175 > 0.05. Here critical value at 5% Level significance at (4, 65) degrees of freedom is 2.5.

Conclusion: Here Calculated F-value is 1.638 is less than critical value 2.5, hence accept null hypothesis and conclude that there is no significance mean difference in tax saving awareness schemes with that of percentage of Income saved.

There is no association between annual income of the respondents and type of investment.

			Type of investment			
			Long term (more than 3 years)	**Medium term (1 – 3 years)**	**Short term (less than one year)**	**Total**
Annual income per year	Below 3lakhs	Count	0	13	7	20
		%	0.0%	65.0%	35.0%	100.0%
	3lakhs to 5lakh	Count	6	12	3	21
		%	28.6%	57.1%	14.3%	100.0%
	5lakhs to 10lakhs	Count	4	12	2	18
		%	22.2%	66.7%	11.1%	100.0%
	Above 10lakhs	Count	5	5	1	11
		%	45.5%	45.5%	9.1%	100.0%
Total		Count	15	42	13	70
		%	21.4%	60.0%	18.6%	100.0%

From the above table it is concluded that respondents whose income is below 3 lakhs are interested to invest in medium and short term investments. Most of the respondents whose income is between 3 to 5 lakhs and 5 to 10 lakhs are showing interest towards medium term investments. Respondents whose whose income is above 10 lakhs invest in medium and long term investments.

	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	12.573	6	.050

From the above table is it observed that chi square calculated value is 12.573 , p=0.050 <=0.05 and at 5% levels of significance with 6 degrees of freedom is 12.592. hence there is an association between annual income of the respondents and type of investment made.

Ranking to the preference of tax saving schemes

Tax Saving scheme	**Mean**	**Rank**
PPF	3.26	8
Life insurance premium	3.17	10
Medical insurance plans	3.37	5

UTI & mutual funds	3.46	1
Pension plans	3.37	5
Equity linked saving scheme	3.39	3
National saving certificate	3.21	9
Infrastructure bonds	3.37	5
Home loans	3.40	2
Term deposits & bonds	3.29	7
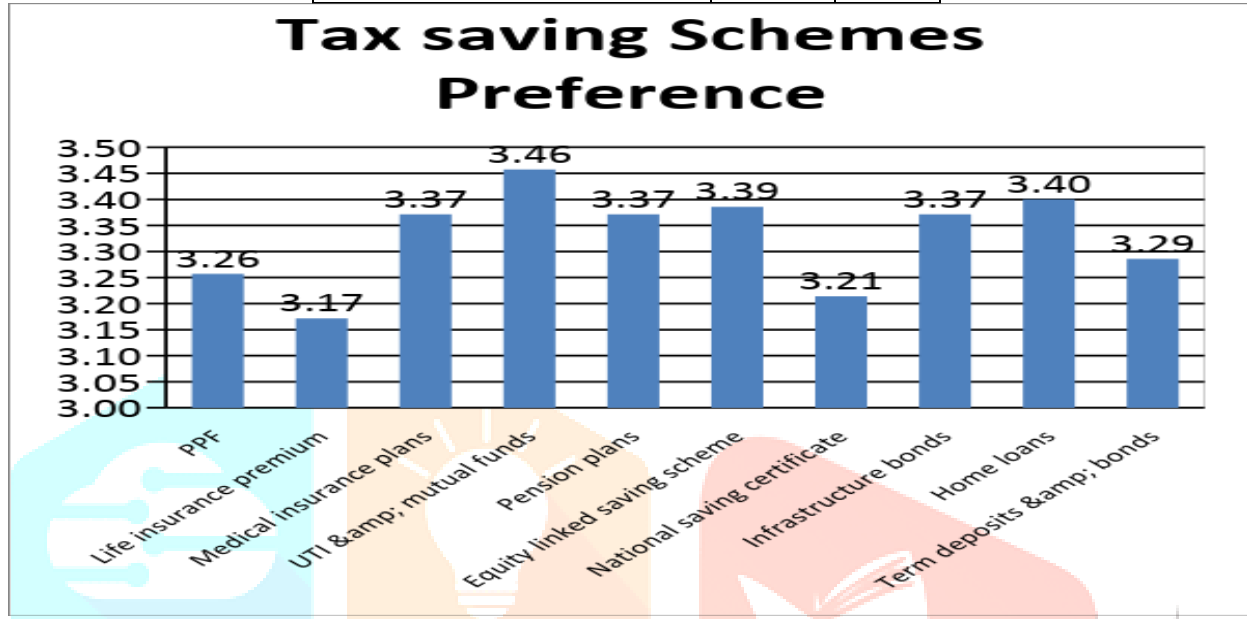
From the above table it is inferred that to reduce the tax liability most of the respondents are preferring to invest in units of UTI , Mutual funds followed by Investment in purchase of Houses by taking Home loans and thirdly forEquity Linked Saving schemes.The mean for Medical insurance plans, Pension plans and Infrastructure bonds is 3.37 giving equal importance. PPF and Pension plans are ranked 8and 9 respectively followed by LIP.

FINDINGS

- It is found that 35.7% of the respondents are aged between 40 to 50 years,30% areaged between 30 to 40 years,24.3%are below30years and10% are above 50 years.
- Out of the total respondents 58.6% are from Aided Degree colleges and 30% respondents income fall between 3 to 5 lakhs.
- It is found that there is no significance mean difference in Awareness of tax saving schemes in different status of the employees or type of Investments they make and also with the proportion of savings .
- Respondents whose income is below 5 lakhs are investing in short and medium term investments and respondents whose income is above 5 lakhs prefer to invest in medium and long term investments
- Respondents prefer to invest in different tax saving schemes, however their first priority is in units of UTI and Mutual funds,

CONCLUSION

It can be concluded that the respondents have basic knowledge and awareness about various tax saving schemes u/s 80C and 80D only and are preferring to invest in Mutual funds as they possess liquidity to meet their short and medium. term goals and are also investing in House loans to meet their Long term goals.

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