"A STUDY OF INVESTOR BEHAVIOR TOWARDS TAX SAVING INSTRUMENTS. A STUDY IN RAIGARH"

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Abstract

The tax saving season start from 1st April for both salaried and businessmen as a smart investor, one should look for tax saving investment, which not only provides the benefit of tax exemption but also help earn tax- free income. with the plethora of investment option available for investors for tax saving, it become increasingly difficult to choose a right option. however, for most of the investors the tax planning is let-do-it-later affair. Tax saving is the legitimate way to save the tax out go and every income tax assesses should exercise the option to increase their wealth. the paper aims to analyse the investor behaviour towards tax saving. the tax saving option considered are tax saving fixed deposit, national saving certificates, public provident fund, tax saving mutual fund, life insurance, national pension system (NPS), pension policies and Sukanya Samriddhi yojana (SSY). The study revealed that life insurance, PPF and fixed deposit are the most preferred investment option and NPS and SSY are the least preferred option for tax saving.

Introduction

Income tax saving schemes are offered as per the relevant section of the income tax act 1961. The chief among these is the section 80c which offers potential tax saving option of up to Rs.1.5 lakh yearly. There is other section also that provide benefit to individual. Major income tax saving instrument include public provident fund, also called PPF, you can make a maximum contribution of Rs 1.5 lakh per year in this tax saving scheme. PPF cannot be withdrawn before 15 years without penalty. the public provident fund (PPF) scheme is a very popular long – term saving scheme in India because of its combination of tax saving, return and safety. the PPF scheme was launched in 1968 by the finance's ministry national saving

institute. The main objective of the scheme is to help individuals make small saving and provide return in the saving the PPF scheme offers an attractive rate of rate of interest and no tax is required to be paid on the return that are generated from the interest rate. the next tax saving instrument is tax saving fixed deposits which are available for a fixed tenure of 5 years and premature withdrawal, loans or overdraft (OD) facilities are not available for a tax saving FD. There is no auto – renewable facility for tax saving fixed deposits. A tax saving FD is a good choice for an investor, as it provides dual benefit of guaranteed return and low risk. Another avenue of tax savings the NSC scheme which is available at all NSC post offices and the Indian government promotes the NSC scheme. Due to the number of post offices present in Indian and the easy access to these post offices, the scheme has become very popular. The main aim of the scheme is for individual to make small or medium saving, and tax benefit are provided for these saving. Since the scheme is encouraged by the Indian government, the risks of investing in the scheme are low. The scheme was launched mainly for individuals, therefore, non-resident Indians (NRI) and Hindu undivided families (HUF) are not eligible to opt for this scheme. The next avenue is tax saving mutual fund, also known as equity linked saving scheme of ELSS. These funds offer the opportunity for capital appreciation through investment in equities while saving on taxes along the way. Also, long term capital gains from these schemes are tax efficient, while dividend option for such funds will enable capital gains even during the lock in period. the typical lick in period is 3 years for an open-ended scheme and the benefit are provided u/s 80C which entitle investor to tax befit up to Rs 1.5 lakh each year. a maximum of 2 account can be opened, and in the case of twins, a total of 3 account can be opened. The minimum deposit amount is Rs.250 per year and a maximum deposit amount is Rs 1,50,000 per year at interest rate of 7.6% p.a. which is revied by ministry of finance. Account will mature after 21 years from the date on which the account was created, or on the date of marriage of the girl child in whose name the account was created. The central government has introduction the national pension system (NPS) with effect from January 01,2004(except for armed force). NPS was made available to all citizen of India from May 01,2009. Pension fund regulatory and development authority (PFRDA), the regulatory body for NPS, has appointed NSDL as central record keeping agency (CRA) for national pension system. CRA is the first of its kind venture in India which will carry out the function of record keeping, administration and customer services for all subscribers under NPS. CRA shall issue a permanent retirement account number (PRAN) to each subscriber and maintain data base of each permanent retirement account along with recording transaction relating to each PRAN. An additional deduction for investment up to Rs.50,000 in NPS (tier I account) is available exclusively to NPS subscriber under subsection 80CCD(1B). the tax saving life insurance plans include policies taken for yourself, or your spouse, or dependent children. you can claim deduction under section 80C if premium paid is not over 10% of the sum assured in the policy, if the policy has been purchased after April 01,2012. if the policy has been purchased before April 01 ,2012 then the premium must not be over 20% of the sum assured.

Review Of Literature

Lall (1983) quantified the extend of tax savings due to fiscal incentives granted for corporation taxes on the basis of sample study of 223 companies for the period 1961- 62 to 1975. The study found that effective tax rate was 45.7 percent as compared to the average statutory tax rate 54.9 percent. So, the return on corporate investment substantially improved

due to tax saving arising from fiscal incentives. The study also highlighted that the capital-intensive industries obtained maximum benefit from fiscal incentives and tax base diminution effect was highlight in engineering industry followed by textile and chemical industry. Further, larger companies were major beneficiaries as they availed tax holidays.

Kalyani (1991) conducted a study on tax planning of salaried employees in Coimbatore city for the financial year 1988-89. This study identified that older the age, higher the tax liability; graduates and professionals have higher tax liability; private sector employees get higher income than the government employees; tax payment decrease when tax-saving investments increases; tax-saving investments increase along the income; and employees preferred to invest in Life Insurance Corporation, Provident Fund and National Saving Certificates.

Job (1995) conducted a study on "Investment Planning with Special Reference to State Government Officers in Palakkad District". This study identifies the relationship between income and saving schemes and awareness of various schemes of employees. This study also analyses the reasons for preferring a particular investment scheme and utilization of tax concession by the employees. The findings of the study are; the saving is made to get regular income in future: profitability, liquidity, safety, tax concession and appreciation are the main reasons for the investments.

Karthikeyan (2001) has conducted research on Small Investors' Perception on Post office Saving Schemes and found that there was significant difference among the four age groups, in the level of awareness for Kisan Vikas Patra (KVP), National Savings Schemes (NSS), and Deposit Scheme for Retired Employees (DSRE), and the overall score confirmed that the level of awareness among Investor in the old age group was higher than in those of the young age group. No difference was observed between male and female investors except for the NSS and KVP. Out of the factors analysed, necessities of life and tax benefits were the two major ones that influence the investors both in semi-urban and urban areas. Majority (73.3 per cent) of investors of both semi urban and urban areas were very much willing to invest in small savings schemes in future provided they have more for savings.

Chitta Ranjan Sarkar (2004) identified that the basic purpose of tax incentives in India was to motivate the tax payers to save and invest more, particularly in rural and backward areas of the country. The study described and critically evaluated the policy of liberal income tax exemptions and concessions to accelerate the face of growth in India. It was examined various theoretical issue related to the operation of tax incentives. It was provided an overview of present system of income tax incentives in India. Drawing on experience of other countries an attempt had been made to evaluate tax incentives in India.

R. Ganapathi and S. Anbu Malar (2010) Studied Investors Attitudes towards Post office Deposit Schemes. The post Office has long been known as a medium to inculcate the habit of thrift and savings among the agricultural workers. But over time, its role has changed and it has grown to become one of the best avenues to channel investment from even the wealthy invest and use them fruitfully in nation building activities. There has been introduction of several types of deposit schemes that cater to the differing needs of different classes of investors. They are well- known for their tax saving schemes, high interest rates and the safety

and liquidity that they offer. This has enabled them to compete successfully with the other avenues of investment available to investors like commerce, etc. This study made an attempt to identify the awareness, preference and attitudes of investors towards various deposit schemes offered by the Post Office among 300 respondents of the Coimbatore District.

N. Geetha Dr. M. Ramesh (2011) studied about A Study on People's Preferences in Investment Behaviour. The person dealing with the planning must know all the various investment choices and how these can be chosen for the purpose of attaining the overall objectives. it is concluded that in Kurumbalur respondents are medium aware about various investment choices but they do not know aware about stock market, equity, bound and debentures. All the age groups give more important to invest in Insurance, NSC, PPF and bank deposit. Income level of a respondent is an impotent factor which affects portfolio of the respondent. Middle age group, Lower income level groups respondents are preferred to invest in Insurance, NSC, PPF and bank deposit rather than any other investment avenues. In Kurumbalur respondents are more aware about various investment avenues like Insurance, PPF, bank deposits, small savings like post office savings etc.

Ashly Lynn Joseph, Dr M. Prakash (2014) conducted a study on avenues among the people and factors considered for investments. The investment basically refers to the buying of a financial product or any valued item with anticipation that positive returns will be received in the future. People are earning, but they do not know where, when and how to invest their funds or money earned by them. Many people are not willing to take risk for their funds, so many prefer to invest in bank deposits, insurance, post office saving etc. Many of the people are not aware about how to make an investment in share market, equity etc. There might be a chance that the preference of the respondents may be different because of difference in their awareness level, income level etc. All the age groups among my respondents give more importance to invest in bank deposit and Insurance. Income level of a respondent is an important factor which affects investment portfolio of the respondent. Respondents are more aware about various investment avenues like insurance, bank deposits, small savings like post office savings etc.

Sonali Patil, Dr. Kalpana Nandawar (2014) conducted A Study on Preferred Investment Avenues Among Salaried People with Reference to Pune, India. Investors are investing their money with the different objectives such as profit, security, appreciation, Income stability. The researcher has analysed that salaried employees consider the safety as well as good return on investment on regular basis. Respondents are aware about the investment avenues available in India except female investors. He found that there is no relationship between the income level & awareness of investment avenues, The main objectives of investors are future security followed by good return, Bank deposit is the first preference given by the investors for investment

Deepak Sood and Dr. Navdeep Kaur (2015) conducted a study of saving and investment pattern of salaried class people with special reference to Chandigarh. It was found from the analysis there is relationship between Annual Savings and Age, Income, Sector wise Employment, Education of people at Chandigarh. It was propounded here that the most

preferred investment options are LIC and bank deposits and most of the factors influencing investment decisions were high returns, tax benefit and safety.

Ms. S. Mathumitha (2015) studied Investors attitude towards post office saving schemes in Cumbum town. Postal savings systems to provide depositors who do not have access to banks a safe, convenient method to save money and to promote saving among the poor. The post office has traditionally served as a financial institution for millions of people in the rural areas. It plays a vital role in rural areas. It connects these rural areas with the rest of the country and also provides banking facilities in the absence of banks in the rural areas.

Objectives Of the Study

- To study about various tax saving schemes.
- To study tax payer's preference towards various tax saving schemes.
- To describe the reasons for investments in tax saving schemes.
- To identify the ways in which investors get information about various tax   saving schemes.

Research Methodology

The study is designed on a descriptive cum analytical study conducted in Raigarh District based on both secondary and primary data. The government employees were selected as per snowball sampling method. The data were collected through structured Questionnaire method.

Source Of Primary Data

The study is mainly based on primary data; the primary data for this study is collected from 50 tax payers of Raigarh district through structured Questionnaire.

Sources Of Data

Secondary data are collected from;

- ❖ Publication book
- ❖ Magazine
- ❖ Journal
- ❖ Article
- ❖ Website

Sample Design and Sample Size

Primary data has been collected from different government employees in Malappuram district . Snowball sampling is used for selecting investors. A total of 50 Tax payers have been selected from different area were selected on a random basis.

Tools Used For Data Analysis

The following tools have been used to analyse and interpret the data.

ANOVA

Weighted Average
Ranking
Karl Pearson's Correlation Coefficient
Percentage analysis

Limitations Of The Study
- The study is based on sampling techniques, so there is a chance of sampling error.
- The study was conducted and data collected within a short period which may affect in getting the reliable data.
- The area of the study is restricted to Raigarh district.

Results And Discussion

This is exclusively for analysis of data collected by survey with the help of questionnaire. The present study intended to analyse the tax payer's attitude and preference towards various tax saving schemes with special reference to Raigarh district. The data is analysed and presented in the form of table with necessary interpretation along side. Various types of statistical methods are used for analysis of data. This analysis is supplemented by explanation, tables and diagrams.

TABLE 1: - SOCIO-DEMOGRAPHIC PROFILE OF RESPONDENTS

PARTICULAR	STATUS	NO. OF RESPONSES	PERCENTAGE (%)
GENDER	MALE	36	72
	FEMALE	14	28
	TOTAL	50	100
AGE	Below 25	4	8
	25-35	28	56
	35-45	8	16
	45-55	10	20
	ABOVE 55	0	0
	TOTAL	50	100
EDUCATIONAL QUALIFICAION	PLUS, TWO	6	12
	DEGREE	20	40
	POST GRADUATE	24	48
	OTHERS	0	0

	TOTAL	50	100
ANNUAL INCOME OF RESPONDENT	BELOW 500000	3	6
	500000-750000	20	40
	750000-1000000	13	26
	1000000-1250000	10	20
	ABOVE 1250000	4	8
	TOTAL	50	100
OCCUPATION	SOLE PROPRIETOR	6	12
	PARTNERSHIP	20	48
	CORPORATION	24	40
	TOTAL	50	100

Interpretation

The above table shows the socio-demographic profile of the respondents. By analysing it we can conclude that majority of the respondents are male 72% and females are 28%. From the above table we can understand that 8% of respondents fall in the age group of less than 25 years, while 56% of the respondents are between 25-35 years of age and 16% respondents are in the age group of 35-45. 20% of the respondents are in between 45-55 and no one in this study is above 55 years. By analysing the educational qualification of the respondents, we can understand that majority of them are post graduate 48%. 40% of the respondents have degree and 12% have plus two qualifications. It is clear from the above table majority of the respondents (40%) have annual income in between 500000-750000, followed by (26%) of the respondents have annual income in between 750000-1000000 and (20%) have annual income between 1000000 to 1250000.it is clearly seen that in business occupation there is 48% of corporation more respondent in this were as there is a partnership business has 40% of the respondent, sole proprietorship 12% this make it clear that corporate is more responder her.
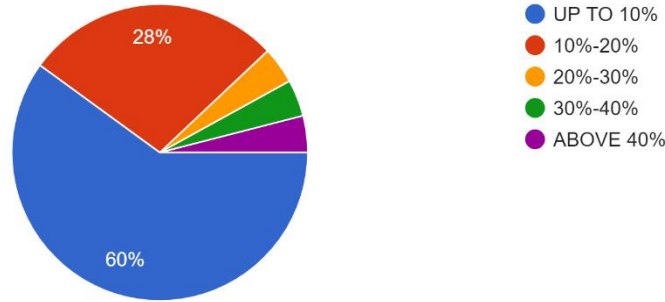
TABLE 2: - ANNUAL SAVINGS OF THE RESPONDENTS

SAVING	NO. OF RESPONDENT	PERCENTAGE (%)
UP TO 10%	30	60
10%-20%	14	28
20%-30%	2	4
30%-40%	2	4

ABOVE 40%	2	4
TOTAL	50	100

ANNUAL SAVINGS OF THE RESPONDENTS
50 responses

INTERPRETATION-

Above table shows that majority of the respondents (60%) have savings up to 10% of their income. It is followed by savings 10%-20% by 28% of the respondents. In 20%-30%, 30%- 40% and above 40% of savings, the percentages of respondents are equal (4%).

TABLE 3: - AWARENESS ABOUT TAX PLANNING

LEVEL OF AWARENESS	NO. OF RESPONDENTS	PERCENTAGE (%)
Strongly aware	8	16
Aware	14	28
Somewhat aware	20	40
Unaware	8	16
Strongly unaware	0	0
Total	50	100

AWARENESS ABOUT TAX PLANNING
49 responses

- Strongly aware
- Aware
- Somewhat aware
- Unaware
- Strongly unaware

40.8%
16.3%
14.3%
28.6%
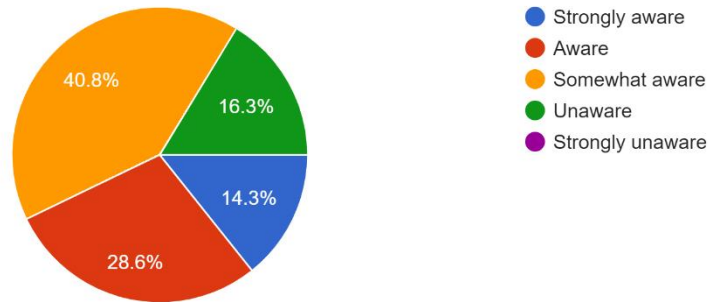
Interpretation

From the above table we can interpret that majority of the respondents (40%) are somewhat aware about tax planning. 28% of the respondents are aware about tax planning and 16% of the respondents are strongly aware and unaware about tax planning. So, it is obvious that majority of the respondents have knowledge about tax planning.

TACLE 4: -   AWARENESS ABOUT VARIOUS TAX SAVING SCHEMES

TAX SAVING SCHEME	SA	A	SWA	UA	SUA	WEIGHT SUM	WEIGHT AVERAGE	RANK
LIFE AND MEDICAL INSURANCE	10	20	14	6	0	184	3.68	3
HOUSING LOAN	10	16	18	6	0	180	3.60	5
PPF &EPF	14	22	10	4	0	196	3.92	1
TERM DEPOSIT	10	20	12	8	0	182	3.64	4
KVP	6	10	4	20	10	132	2.64	7
NSC OR NSS	6	6	12	18	8	134	2.68	6
INFRASTRUCTURE BOND	4	10	4	20	12	124	2.48	8
POSTAL SAVING	4	2	8	20	16	108	2.16	10
ELSS	14	18	16	0	2	192	3.84	2

(SA-Strongly Aware, A-Aware, SWA-Somewhat aware, UA-Unaware, SUA-Strongly Unaware)

Interpretation

From the above table it is clear that PPF&EPF are the most popular tax saving schemes as far as awareness is concerned. The second rank is becoming for postal savings. It is followed by Life and medical insurance, Term deposit, Housing loan, NSC or NSS respectively. Respondents in this study are least aware about ELSS, Infrastructure bonds, KVP etc. Low awareness about these schemes leads to poor saving decision.

TABLE5:-SCHEMES CHOSEN BY RESPONDENTS FOR INVESTMENT

TAX SAVING SCHEMES	NO. OF RESPONDENTS	PERCENTAGE (%)
LIFE AND MEDICAL INSURANCE	34	68
HOUSING LOAN	14	28
PPF & EPF	36	72
TERM DEPOSIT	30	60
KVP	10	20
NSC OR NSS	4	8
INFRASTRUCTURE BOND	4	8
POSTAL SAVING	42	84
ULIP	0	0
ELSS	4	8

Interpretation

Postal saving has been chosen by most of the respondents (84%), followed by PPF& EPF (72%), Life and medical insurance (68%), Term deposit (60%), Housing loan (28%), KVP (20%) etc. No respondents have chosen ULIP for investment.
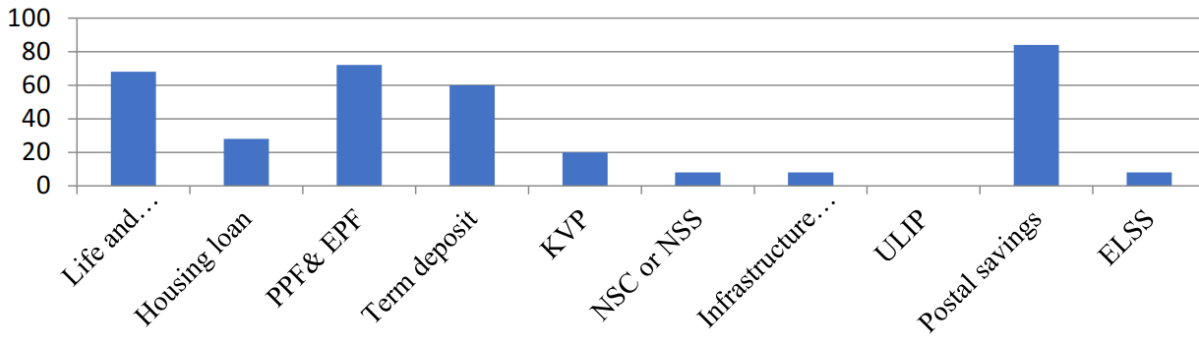
TABLE 6: -   REASON FOR INVESTMENT IN TAX SAVING SCHEMES

REASON	SA	A	N	DA	SDA	Score	Weighted Average	Rank
TAX BENEFIT	30	20	0	0	0	230	4.6	1
SAFETY	18	20	12	0	0	206	4.12	2
LIQUIDITY	10	12	18	10	0	172	3.44	4
REGULAR RETURN	16	14	12	6	2	186	3.72	3

(SA-Strongly Agree, A-Agree, N-Neutral, DA-Disagree, SDA-Strongly Disagree)

Interpretation

The above table shows that Tax Benefit is the most important reason for investing in tax saving schemes, followed by safety. Regular return is the third important reason. Liquidity are not that much important for investment decision.

TABLE 7: -   DECISION TO MAKE INVESTMENT IN TAX SAVING SCHEMES

PERIOD	NO. OF RESPONDER	PERCENTAGE (%)
Beginning of the year	8	16
End of the year	16	32
At any time	20	40
No planning at all	6	12
TOTAL	50	100

DECISION TO MAKE INVESTMENT IN TAX SAVING SCHEMES
50 responses

- Beginning of the year
- End of the year
- At any time
- No planning at all
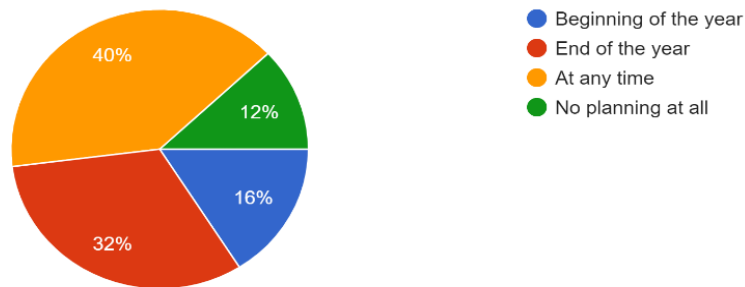
Interpretation

Above table shows that majority of the respondents (40%) make investment at any time during the year. 32% of the respondents decide to invest in tax saving schemes at the end of the year and 16% of the respondents decide to invest in tax saving schemes at the beginning of the year. 12% of the respondents not decided to invest in tax saving scheme.

TABLE 8:-   TIME HORIZON OF INVESTMENT

TIME ZONE	NO. OF RESPONDENTS	PERCENTAGE (%)
Long term	24	48
Short term	26	52
TOTAL	**50**	100

TIME HORIZON OF INVESTMENT
50 responses

- Long term
- Short term
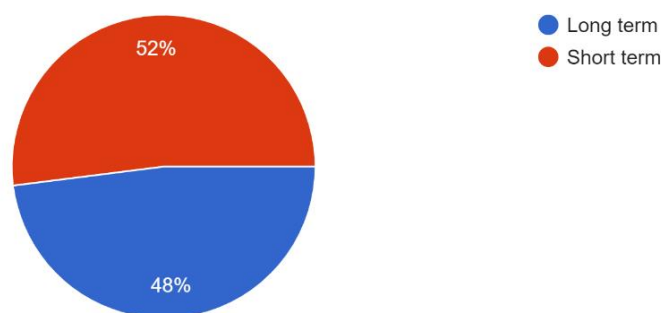
Interpretation

It is obvious from the above table is that the respondents select both short term and long-term investment almost equally. Majority of the respondents (52%) make investment in tax saving schemes for short term and 48% of the respondents invest for long term.

TABLE 9: -   SATISFACTION WITH PRESENT TAX SAVING INVESTMENT

SATISFACTION	NO. OF RESPONDENTS	PERCENTAGE
YES (SATISFIED)	44	88
NO (NOT SATISFIED)	6	12
TOTAL	**50**	**100**

SATISFACTION WITH PRESENT TAX SAVING
50 responses
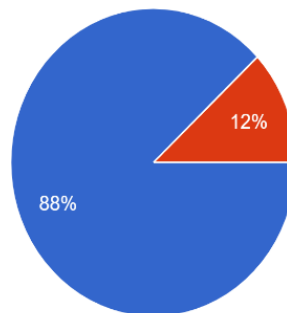
Interpretation

 Majority of the respondents (88%) are satisfied with the present tax saving investment schemes. 12% respondents are not satisfied with the present tax saving investment schemes.

TABLE 10 : - ANNUAL INCOME AND AMOUNT INVESTED IN TAX SAVING SCHEMES

ANNUAL INCOME	NO. OF RESPONDENTS(X)	AMOUNT (IN RS.)	NO. OF RESPNDENTS
Below 500000	3	Less than 50000	6
500000-750000	20	50000-75000	**8**
750000-1000000	13	75000-100000	13

1000000-1250000	10	100000-125000	14
Above 1250000	4	Above 125000	10
Total	**50**	**Total**	**50**

$$r = \frac{n \sum xy - (\sum x \sum y)}{\sqrt{n \sum x^2 - (\sum x)^2} \quad \sqrt{n \sum y^2 - (\sum y)^2}}$$

CO-EFFICIENT OF CORRELATION

X	Y	XY	X2	Y2
3	6	18	9	36
20	8	160	400	64
13	12	156	169	144
10	14	140	100	196
4	10	40	16	100
∑X=50	∑Y=50	∑XY=514	∑X2=694	∑Y2=540

Interpretation

Since correlation coefficient is 0.159, there is a moderate positive correlation between annual income and amount invested in tax saving schemes. It implies that as the annual income increases, amount invested in tax saving schemes also increase.

TABLE 11: - AWARENESS ABOUT VARIOUS TAX SAVING SCHEMES IN DIFFERENT EDUCATIONAL QUALIFICATIONS

Tax saving scheme	EDUCATIONAL QUALIFICATIONAL			Total
	PLUS TWO	DEGREE	PG	
Life and medical insurance	4.3	3.4	3.7	11.4
Housing loan	4.6	3.3	3.5	11.4
PPF& EPF	5	3.8	3.6	12.4
Term deposit	4.3	3.9	3.3	11.5

KVP	3.7	2.9	2	8.6
NSC or NSS	3.7	2.2	2.9	8.8
Infrastructure bonds	3.7	1.9	2.5	8.1
ULIP	2.7	1.7	2.5	6.9
Postal savings	5	4.1	3.4	12.5
ELSS	2.7	1.7	2.7	7.1
Total	39.7	28.9	30.1	98.7

ANOVA Table

SOURCES OF VARIATION	SUM OF SQUARES	DEGREE OF FREEDOM	MEANS SQUARE
Between samples	SSC= 7.008	K-1= 2	MSC= 3.504
Within samples	SSE= 17.159	N-K= 27	
Total	SST= 24.167	N-1= 29	MSE= 0.635

F= *MSC* /*MSE* =5.52

Calculated value = 5.52 The TABLE VALUE of F at 5% level of significance for (2, 27) degrees of freedom is 3.35. The calculated value of F is more than the table value of F. Therefore null hypothesis is rejected. Interpretation Since calculated value (5.52) is greater than Table value (3.35), null hypothesis (Ho) is rejected and alternative hypothesis is (H1) is accepted. It implies that, awareness about tax saving scheme is different in different educational qualifications.

Major Findings

- Under this study, the various tax saving schemes can be identified, The various schemes are Life and Medical Insurance plans, Housing Loans, Public provident Fund (PPF) and Employee Provident Fund (EPF), Term Deposit of Bank, Kisan Vikas Patras (KVP), National Saving Certificate (NSC) or National Saving Scheme, Infrastructure Bond, Unit Linked Insurance Plan(ULIP), Postal Savings, Equity Linked Saving Scheme(Mutual Fund).
- The respondents rank various tax saving schemes according to their priority of saving tax. The most adopted tax saving scheme is Life and Medical Insurance plans, which got the first rank in this study. The second most adopted tax saving instrument is postal savings. Further the third choice is Public Provident Fund and Employees Provident Fund. After that Term deposit, Housing loan, KVP, NSC or NSS, ELSS respectively. scheme which are least adopted, as tax saving instrument are Infrastructure Bonds and ULIP, they got the ninth and tenth

rank respectively in this study.

- Tax benefit is the most important reason for investing in tax saving schemes, followed by safety. Regular return is the third important reason for investing in tax saving schemes.

- A majority of respondents (Rank 1) get information about tax saving scheme from Internet. It is followed by Friends (Rank 2), Banks (Rank 3), Tax consultants (Rank 4). As far as investment in tax saving scheme is concerned, people largely depend on Internet as source of information. The study also reveals that people also relies on Friends to get information about various tax saving schemes.

- PPF& EPF are the most popular tax saving schemes as far as awareness is concerned (Rank 1). it followed by Postal Savings, Life and Medical insurance, Term Deposit (Rank 2, 3, 4) respectively. in this study are least aware about ULIP, ELSS, Infrastructure Bonds etc.

- Majority of the respondents (84%) are strongly aware or aware or somewhat aware about tax planning. (strongly aware- 16%, aware-28%, somewhat aware-40%) ☐

- Majority of the respondents (84%) are belongs to 5% tax bracket, and remaining (16%)of respondents fall under the tax bracket of 20% and no one in this study under 30% tax bracket.

- Majority of the respondents (48%) never seek professional advice for making investment in tax saving schemes.

- Respondents have selected the time horizon of investment almost equally. 52% of them invest in short term investments and 48% are in the long-term investments.

- 88% of the respondents are satisfied with their present tax saving investment.

- Major concern about tax saving scheme is less returns from the investments. Lack of awareness among people is also an important concern.

- This study reveals, increase in awareness among people about tax saving schemes can improve investor's interests in tax saving schemes and every investors Favors raising the limit on total deduction U/S 80 C

- Tax bracket applicable to investors and the amount invested in tax saving schemes are associated.

- Test of correlation shows that, there is positive relationship between annual income and amount invested in tax saving schemes.

- Awareness about tax saving schemes is different in educational levels

Suggestions

- Tax planning alternatives are huge in number and that makes it difficult for investors to choose a specific scheme in limited span of time. So, it is suggested to standardize these schemes to an extent so that number of schemes can be brought down.

- Government should look for other ways and means to spread information through advertisements & other agencies and it should promote public awareness about benefits of investment & important guidelines to select different investment avenues.

- Government should introduce new attractive investment schemes and motivate public to invest in those schemes.

- Government should organize investor's education programs to educate the public about the pros & cons of investment, how to choose better investment avenues, information about

different regulatory Govt. bodies which protect the interest of investors and legal & regulatory aspect of investment.

- Raising the limit on total deduction U/S 80 C would attract more investment in tax saving schemes.
- It is better to invest in tax saving schemes of an amount above 100000, because maximum amount which can enjoy tax benefit is Rs 150000.
- More research activities are needed to be carried out in this area to help the government in formulating new schemes and to help the assesses in better Tax Planning.

Conclusion

Tax planning is not a simple and standard process. In fact, it is a complex collection of measures available to reduce one's own tax incidence. Further the tax saving options or schemes or deductions provided as per Income-Tax Act 1961 are huge in number which further complicates the process. Thus, tax planning has evolved into an intellectual activity. One of the ways to plan the tax incidence for individuals is to invest in some avenues where government gives relaxation for various tax schemes. But this again is not as simple as it may sound to be. Investments in these avenues do not give the same advantage to all the individuals in the same manner. While some are suited for individuals paying higher taxes few other suits people belonging to lower tax bracket. Individuals are not always aware of all the technical details about the scheme which they choose for investment. They might choose a particular scheme for one benefit while being ignorant about other schemes which provide same or better benefits with better terms. So, what is important here is to know all the terms related to an investment. The study revealed that maximum number of tax payers wanted to save in Life and medical insurance, followed by postal savings, PPF& EPF, Term deposit and Housing loans in that order. It was found that tax benefit and safety are the major reason for investing in tax saving schemes. The study also revealed that low rate of return and lack of awareness are the major concerns about tax saving schemes. Low awareness about various tax saving schemes leads to poor Tax planning. So, it is necessary to increase the awareness level about Tax planning and various tax saving schemes.

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