



# A Study on Perception of Investors towards Tax-saving Deposit Schemes

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## ABSTRACT :

Financial instruments known as tax-saving plans give investors the chance to save money while lowering their tax liability. Investors' decisions are heavily influenced by their opinions and preferences about these schemes. Knowing these impressions is crucial for making wise investing decisions when tax laws and financial markets change. In order to give investors, financial institutions, and regulators with valuable insights into the constantly evolving world of tax-saving strategies, this study intends to investigate and assess investor attitudes.

Keywords: banking industry, Tax Saving Deposit Schemes

## 1. Introduction :

As the foundation of the financial system, the banking sector offers both individuals and corporations a crucial way to handle their money and investments. Of all the financial products that banks offer, low-tax deposit schemes are one of the most popular. These programmes, which are a crucial component of what the banking sector offers, are frequently created to promote savings while also delivering tax advantages.

## 2. Concept- Tax Saving Deposit Schemes

In India, the Government of India only levies taxes on an individual or a firm if their income falls under the taxable income slab. The Central Board for Direct Taxes (CBDT) oversees the department of income tax in India, whereas the Indian Income Tax Act of 1961 administers levies. Nonetheless, exemptions are granted based on specific income levels under some of this Act's parts, such as sections 80C, 80CCF, and 80D. Investing in any of the several tax-saving choices can result in a deduction from one's overall income tax. India's citizens have access to a wide range of tax-saving options through a number of government and private sector organisations.

In the realm of personal finance, people looking to gain financially while paying as little tax as possible are increasingly using tax-saving deposit methods. These plans, which are provided by different financial organisations, offer tax advantages in addition to security. Nonetheless, the way in which investors see these programmes has a big impact on their choice of investments.

This study looks at how investors view deposit plans that offer tax advantages. It seeks to investigate investors' perceptions of these financial products, their understanding of the associated tax benefits, the determinants of their overall contentment, and their thoughts on these financial vehicles. Understanding these impressions becomes crucial for investors, financial institutions, and policymakers in a constantly shifting financial market. The purpose of this study is to produce useful data that will assist financial institutions, investors, and legislators in developing efficient tax laws. This study offers an insight into the intricate world of tax-saving deposit schemes through a thorough analysis of investor views.

The segment that manages accounts operates in a dynamic setting with evolving buyer preferences, cutting-edge administrative methods, and inventive advancements. Comprehending the wider advertising flow enables partners to anticipate trends, identify opportunities, and effectively manage risks. One aspect of the creative products and services that banks advertise is tax-saving deposit schemes.

### 2.1. Tables

Among the 110 respondents, life insurance policies are the most preferred tax-saving tool, with 67.10% favouring them and 32.90% not. The Public Provident Fund is the following mechanism, accepted by 59.68% of participants and rejected by 40.32%. Tax-saving fixed deposits are the next option that investors are willing to consider; 56.45% of investors have invested in them, while 43.55% have not. Of the 61 investors in ELSS funds, 49 choose not to invest, and 55.81% of them accept the options. Less than 50% of investors choose the next four options, with 48 pension policies have investors, of whom 43.87% accept and 56.13% reject. 42.26% of people use National Savings certificates, whilst 40% use NPS and 32.90% use SSY. Table 1 and Chart 1 show this.

Table 1 - From SPSS Analysis

Tax saving Options	Yes	No	Yes Percentage	No Percentage
Life Insurance	73	36	67.10	32.90
PPF	66	44	59.68	40.32
Fixed Deposit	62	48	56.45	43.55
ELSS Funds	61	49	55.81	44.19
Pension Policy	48	62	43.87	56.13
NSC	46	64	42.26	57.74
NPS	44	66	40.00	60.00
SSY	36	74	32.90	67.10

## Literature Review :

1. In their study "Investors attitude towards pension scheme; special reference to Lucknow district, Uttar-Pradesh state, India," Sapna Singh and Nishanth Kumar found that most investors view pension schemes favourably because they believe they are the safest way to invest.
2. In a thorough analysis of "Investor perception towards unit linked insurance plan (ULIP) a select study on UTI Mutual Fund," K. Hunumantha Rao and T. Gopi found that UTI-ULIP is a superior option when compared to other investment avenues such as traditional policies, banks, FDs, postal savings, and infrastructure bonds.
3. Gaurav Agrawal and Mini Jain found that most investors are only aware of banks and LIC as investment avenues, and that most would prefer to invest in real estate due to its rapid growth and preference over mutual funds. These findings are from their study, "Investor's perception towards mutual fund in comparison to other investment avenues.

## Research Methodology :

### 4.1 Objectives of the Study:

1. Determine the person's degree of knowledge regarding different tax saving options in the research area.
2. Learn how investors feel about different tax-saving options and provide a preference ranking to each instrument.
3. Determine what influences the investor's decision to make the investment and evaluate what the investor anticipates from Sec. 80C tax deductions and savings options.

### 4.2 Research Design:

In this study, research methodology is employed to methodically characterize and examine the traits, actions, or viewpoints of a group of people. A descriptive research design would be used in this study to give a thorough and accurate picture of investor perceptions.

### 4.3 Data Collection Method:

1. Questionnaires: Created organized surveys with pre-selected answers to closed-ended questions.
2. Case Studies: Examined particular investor case studies including the employment of tax-saving strategies. These real-world instances demonstrated how investor perceptions and decision-making are practical.
3. Academic resources: To find pertinent research papers, articles, and studies about tax-saving methods, I searched academic resources like JSTOR, Google Scholar, or Shodhganga.

### 4.4 Sample Size & Sampling Area:

People who answered the questionnaire or consented to participate made up the sampling frame. Based on outreach initiatives and recruitment activities, this frame was developed. It gathered information from users or visitors to websites, using it as a sampling frame for the research.

## Data Analysis :

### 5.1 Demographic Profile -

- **Perception of males towards tax-saving options** Male participants show a greater propensity than female participants to accept life insurance as their main tax-saving option (66.17%), followed by PPF (56.86%), ELSS funds (54.90%), and other options. Acceptance of pension plans and fixed deposits rank second and third, respectively, at 49.50% and 43.05%. 40.98% of participants select NPS, whereas 36.50% and 30.39% of participants choose NSC and SSY as their least preferred options. It is evident that men are better off when it comes to life insurance and PPF for secure returns, and over 50% of men invest in new age products like ELSS funds.

- **Females' perception towards tax saving:** Upon doing a data segmentation analysis, it was observed that out of 110 participants, 36 women made up 33% of the respondents. With 25 participants investing in tax-saving fixed deposits, or 68.57% of the total and the highest choice in this sector, it was evident that female respondents were more likely to favor these options. Life insurance came in second with 69.61%, PPF third with 64.76%, ELSS funds fifth with 57.14%, and NSC fifth with 53.92% acceptance. Less than 50% of female respondents accepted the last three options—pension plans, SSY, and NPS—at 47.57%, 38.10%, and 37.86%, respectively. Table 2 and Chart 2 demonstrate that female participants are more conservative and do not wish to explore for unconventional tax-saving options such as ELSS and pension plans etc.
- **Perception of participants as per age segmentation:** Based on an analysis of the age group data, we can observe that the majority of participants are between the ages of 20 and 30, with 68 respondents (68.06%) and 23 participants (21.29%) in the 31 to 40 age group. The age groups with the least data are 41–50 and 51 and older, with 6.13% and 4.52%, respectively. Table 4 shows us the same thing.
- **Perception of participants as per Income segmentation:** Based on an analysis of the income group data, we can observe that the majority of participants (53 respondents, or 48.38% of the total) come from the 0–25 000 income group, while 12 participants, or 22.25% of the total, come from the 25001–50 000 income category. The income groups with the least amount of data—50001–75,000, 75001–1 Lakh, and 1 Lakh and above—have 12.25%, 4.38%, and 12.25% of the total, respectively.

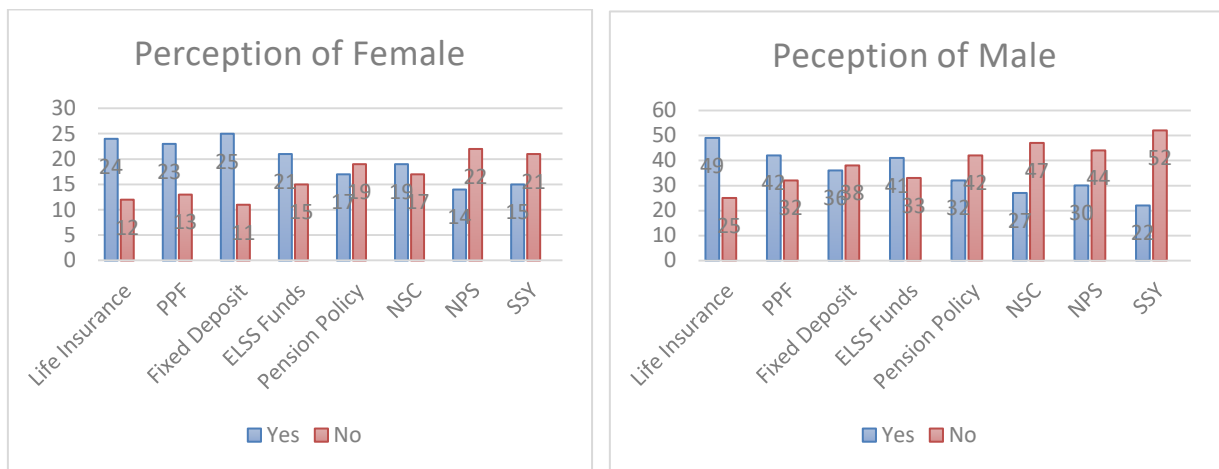


Fig. 1 - (a) Perception of Female; (b) Perception of Male

### Findings :

1. The overall research reveals a preference for life insurance policies, with 67.10% of respondents favouring them. It can be as a result of the fact that, historically, investors have utilised life insurance as a means of tax and money savings. This psychological cycle persists, and family members endorse and encourage life insurance investments.
2. When it comes to money, investors prioritise safety above all else. Our data supports this, with public provident funds and fixed deposits holding the second and third positions. Investors like to minimise risk, and their main goal is to reduce their tax burden.
3. ELSS funds typically rank third or fourth overall in all analyses. However, ELSS is less common in lower income and age groups; in contrast, higher income and age groups between 31 and 40 seem to know more about ELSS contributions.

### Conclusion :

1. The analysis reveals a strong preference among investors for traditional tax-saving deposit programmes such settlement stores, Open Provident Support (PPF), and life insurance policies. These disobedient attract a significant number of speculators with their perceived security and stability.
2. There are notable differences in tax-saving preferences according to age and sex. Women typically exhibit more conventional venture behaviour, whereas younger investors seem to be becoming more interested in elective alternatives such as ELSS stores. It is important to comprehend these statistical variables in order to suit prediction items and promote procedures.
3. The analysis reveals specific preferences across various pay ranges. Higher-income bunches demonstrate a more notable interest in equity-based products, like ELSS stores, while lower-income bunches tend to favour safer alternatives like life insurance and PPF. Taking into account the unique requirements and desires of every salary bracket is essential for successful money-related planning.

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