



## International Journal of Research Publication and Reviews

Journal homepage: [www.ijrpr.com](http://www.ijrpr.com) ISSN 2582-7421

# A Study on Financial Management and Tax Saving Approaches for Salaried Employees in Educational Institutions

*Chandan C*

Student, Department of MBA, Dr. Ambedkar Institute of technology, Visvesvaraya technological University

DOI : <https://doi.org/10.55248/gengpi.6.0825.3038>

### ABSTRACT

This research examines the financial planning methods and tax optimization approaches employed by salaried individuals in educational institutions. The study focuses to understand how effectively these employees plan their finances and utilize tax-saving instruments to maximize disposable income. A mixed-method approach was adopted, based on primary data obtained through a structured questionnaire from 50 respondents and secondary information from academic publications, government publications, and financial reports. Statistical analysis, including hypothesis testing, was conducted to examine the relationship between financial planning and the optimal use of tax optimization techniques. The results indicate that whereas most employees are aware of basic tax-saving provisions under Act, their total financial planning remains moderate, often lacking diversification and long-term wealth creation focus. Limited financial literacy, inadequate availability of expert guidance, and dependency on traditional instruments like LIC and PPF were key constraints. The study emphasizes the need for targeted financial education, personalized tax planning services, and institutional support to upgrade financial well-being. This study enhances the growing body of literature on personal finance and offers actionable insights for policymakers, educational administrators, and financial advisors working with employed individuals in the education sector.

**KEYWORDS:** Financial Planning, Tax Optimization, Salaried Employees, Educational Institutions, Income Tax, Investment Strategies.

### INTRODUCTION

Financial management plays a major role in shaping the economic well-being of individuals, especially for salaried employees who rely on a fixed monthly income. With rising living costs, inflation, and the increasing burden of taxes, managing personal finances efficiently has gained increased significance. Salaried individuals often face the challenge of balancing day-to-day expenses, savings, and tax obligations without much flexibility in their income structure. Hence, effective financial planning and smart tax-saving strategies are essential tools to ensure long-term financial security and peace of mind.

This study focuses on understanding how salaried employees manage their finances and the various methods they use to optimize their tax liabilities. Financial planning goes beyond just saving money—it involves budgeting, investment planning, goal setting, risk management, and retirement planning. When combined with smart tax-saving strategies under the provisions of the Indian taxation system (IT Act), such planning can lead to significant improvements in financial outcomes.

A large number of employees are not aware or under-informed about the available tax-saving instruments like deductions under Section 80C, health insurance benefits under 80D, or home loan interest exemptions. In such cases, lack of knowledge or poor planning can lead to unnecessary financial stress and missed opportunities.

Through this research, we aim to explore how effectively salaried employees plan their finances and the level at which they utilize tax-saving options. The results of this study may provide valuable insights for both employees and financial advisors in creating better awareness and building more robust financial strategies tailored to individual needs.

### LITERATURE REVIEW

**Radha Gupta (2012) - "Impact of Income Tax on Saving and Investment: A Case Study"** The tax-saving tactics of Indian urban salaried workers constitute the main topic of this case study. It concludes that more savings and investments are encouraged by a decreased tax liability. The impact of income taxes on investment choices and disposable income is highlighted in the study.

**Bhushan, P. & Medury, Y. (2013) - “Gender differences in investment behaviour among salaried individuals”** This study examines the differences in investment strategies between men and women, with an emphasis on risk avoidance. It displays that men have a higher risk tolerance, while women tend to adopt more cautious financial techniques.

**Agarwal, S. (2021) – “Impact of tax planning on the disposable income of salaried employees”** This study covers a variety of tax-saving approaches and their real-world applications in order to investigate how effective tax techniques might increase disposable income and alter the financial stability of salaried individuals.

**Nair, S., & Thomas, P. (2021) – “Financial Planning awareness among salaried employees in Bengaluru”** This study looks at the investment instruments that Bengaluru workers choose, like tax-saving mutual funds and term deposits. It finds an association between investing preferences and income levels, indicating that individuals with higher incomes in the IT industry tend to opt for diverse portfolios in order to save money on taxes.

**Singhania, Varsha (2021) – “Awareness of Investment in Tax-Saving Products”** A research study conducted in Chennai that focuses on the knowledge of tax deductions and planning among salaried workers. In addition to examining other popular products like the Employee Provident Fund (EPF) and Public Provident Fund (PPF), it discovers that the majority of workers like the National Pension System (NPS) because of its tax-saving advantages.

**Achar, A. (2012) – “Saving and Investment behaviour of teachers”** This article explores the demographic factors—such as age, gender, and phase of family life—that influence teachers' saving and investing behaviours. It sheds light on this profession's investment choices and risk tolerance.

**Narang, S. (2018) – “The role of tax-saving investments in financial planning for middle- income groups”** This study examines how middle-class workers strike a balance between saving and paying taxes, with attention to tax-saving investments in the context of financial planning methods.

**Arora, R. (2018) – “Savings and Investment behaviour of salaried class in India”** Based on financial literacy and disposable income levels, the study evaluates the investment patterns of salaried professionals in different metro areas, highlighting the preference for diversified portfolios among residents of places like Bangalore and Mumbai in order to optimize tax benefits.

**Chopra, P., & Menon, V. (2019) – “Tax-Saving and Investment Habits in Southern Indian Cities”** This study, which focuses on locations like Bangalore and Hyderabad, reveals that younger workers have a strong preference for tax-saving plans like mutual funds, whereas senior workers are more inclined toward fixed income instruments because of security concerns.

**Purohit, R. (2019) – “Factors influencing investment choices among salaried employees in the financial sector”** This article examines the variables—such as risk tolerance, degree of expertise, and tax-saving concerns—that influence the investment decisions of salaried people working in the financial industry.

---

## NEED FOR THE STUDY

Salaried employees often operate within fixed income brackets, making it crucial for them to manage their finances wisely to meet present needs and future goals. However, many lack proper knowledge or awareness of financial planning tools and tax-saving options available to them. Without a strategic approach, they may face financial stress, reduced savings, and unoptimized tax liabilities. This study is essential to understand how well salaried individuals manage their income, control expenses, plan investments, and utilize tax benefits under existing laws. It will help identify gaps in financial awareness and the practical challenges they face in managing their personal finances. The study also aims to offer insights that can support better financial decision-making and enhance financial knowledge. By analyzing current practices and recommending improvements, this research may add to enhancing the comprehensive financial health of employed individuals

---

## STATEMENT OF THE PROBLEM

Salaried employees form a major part of the working population, and they often rely solely on their monthly earnings to meet both current expenses and future financial goals. Despite having a steady income, many of them face difficulties in managing their finances efficiently because of insufficient financial literacy, poor investment planning, and limited awareness about tax-saving opportunities. As a result, they often end up paying higher taxes, saving less, and falling short on achieving long-term financial stability.

In many cases, employees do not fully utilize the benefits provided as per the Income Tax Act, including deductions Section 80C, 80D, or exemptions on home loans and insurance. Moreover, the lack of proper financial planning leads to inefficient budgeting, inadequate emergency funds, and insufficient retirement planning.

This study seeks to tackle these issues through an examination of the current financial planning habits of employed individuals and analyzing how well they adopt tax optimization techniques. Comprehending these challenges is essential to develop more effective financial awareness programs, tools, and policies that may assist employees in making informed financial decisions and improving their comprehensive financial health.

---

## RESEARCH SCOPE

This research aims to examine the financial planning patterns and tax optimization strategies adopted by salaried employees in educational institutions. It covers various factors such as budgeting habits, saving patterns, investment preferences, and awareness of income tax provisions. The scope is limited to salaried individuals working in schools, colleges, and universities, both in government and non-government sectors. The research aims to recognize gaps in financial knowledge and recommend ways to enhance tax efficiency and overall financial well-being. The findings are useful for policy formulation, HR departments, and financial advisors working with professionals in the education sector.

---

## RESEARCH OBJECTIVES

1. To identify the saving & investment behaviour of the salaried employees.
2. To understand the various financial planning strategies.
3. To analyse effectiveness of strategies on tax planning.

---

## HYPOTHESIS OF THE STUDY

**H<sub>0</sub> (Null Hypothesis):** There is **no significant relationship** between the level of financial planning and the effective use of tax-saving strategies among salaried employees in educational institutions.

**H<sub>1</sub> (Alternative Hypothesis):** There is a **significant relationship** between the level of financial planning and the effective use of tax-saving strategies among salaried employees in educational institutions.

---

## RESEARCH METHODOLOGY

### Type of Research

This study follows a **descriptive research design**. Descriptive research is used to systematically describe the features of a population or a phenomenon. In this context, it seeks to evaluate the financial management practices and tax optimization strategies followed by salaried individuals in educational institutions.

### Data Collection

#### Primary Source

Primary data will be collected through an organized questionnaire distributed to salaried individuals working in various educational institutions such as schools, colleges, and universities. The questionnaire will cover aspects related to financial planning practices, investment habits, and awareness of tax-saving techniques.

#### Secondary Source

Secondary data will be collected from books, academic journals, and published research articles, government reports, websites of financial institutions, and income tax guidelines to support the theoretical background and provide context to the study.

### Sample Design

#### Sampling Plan

The study follows a design to understand and analyze financial behavior and tax optimization methods among employees working in educational institutions

#### Sampling Method

A **convenience sampling** technique will be used to select respondents based on their accessibility and willingness to participate in the survey.

#### Sampling Frame

The sampling frame includes salaried employees currently working in private and public educational institutions such as schools, colleges, and universities.

#### Sampling Unit

The individual salaried employee in an educational institution is considered the sampling unit. Every respondent offers insights about tax-saving practices and financial planning, serving as a unit of study.

#### Sampling Size

A sample of **50 respondents** will be used for the research to ensure a fair representation and meaningful analysis.

#### Plan of Analysis

The gathered data or information will be compiled and examined using basic statistical tools. Techniques such as **chi-square** will be adopted to interpret responses. Charts and graphs will be included to visually represent the findings. The analysis will help draw conclusions on the level of financial management and tax efficiency among the target group and suggest relevant improvements.

#### LIMITATIONS OF THE STUDY

1. The accuracy of the information or data was impacted by some respondents' reluctance to share personal financial details.
2. Bias may have been introduced by questionnaire-based data collection due to subject language or interpretation.

#### DATA ANALYSIS AND INTERPRETATION

This presents the analysis and examination of the information collected from 50 salaried persons working in various educational institutions. The data was gathered using a systematic questionnaire focused on financial management techniques and tax-saving methods. The collected responses were examined through descriptive statistics, including frequency distribution and percentages analysis, and graphical representation to derive meaningful insights related to the research objectives.

##### 1. Demographic Profile of Respondents

Age Group	Number of Respondents	Percentage (%)
25–35 years	20	40%
36–45 years	18	36%
46–55 years	10	20%
Above 55 years	2	4%
<b>Total</b>	<b>50</b>	<b>100%</b>

##### Interpretation:

The respondents are primarily in their early to mid-career stage, which is crucial for long-term financial planning.

##### Gender

Gender	Percentage (%)
Male	58%
Female	42%

##### Interpretation:

The sample reflects a balanced gender representation in educational institutions.

##### Type of Institution

Type of Institution	Percentage (%)
Private Institutions	60%
Government/Semi-Government	40%

##### Interpretation:

Private institutions form the majority in this study, possibly reflecting hiring trends in the education sector.

##### 2. Financial Planning Practices

**Budgeting Habit**

Budgeting Habit	Percentage (%)
Monthly Budget	70%
No Budget	20%
Occasionally	10%

**Interpretation:**

A majority of employees are conscious of their spending patterns and manage their monthly expenses actively.

**Savings Behavior**

Savings Percentage	Percentage of Respondents
Save 10–20% of income	36%
Save more than 30%	24%
Save less than 10%	20%
No Savings	20%
Total	100%

**Interpretation:**

Most respondents save at least some portion of their income, with 36% saving 10–20% and 24% saving over 30%. However, 40% save less than 10% or nothing at all, highlighting a potential gap in financial preparedness.

**Investment Preferences**

Investment Option	Percentage (%)
LIC	65%
PPF	55%
Fixed Deposits	45%
Mutual Funds	20%
Stocks	15%

**Interpretation:**

Salaried employees prefer low-risk and tax-saving investment options over market-linked ones.

**Use of Financial Advisors**

Financial Planning Approach	Percentage
Consult financial advisors	28%
Plan finances themselves	52%
No formal planning	20%
Total	100%

**Interpretation:**

Most respondents prefer to plan their finances independently (52%), while 28% seek professional advice. About 20% have no formal planning approach, indicating a potential gap in financial awareness.

**3. Tax Optimization Strategies****Awareness of Section 80C**

Awareness Level	Percentage (%)
Aware of Section 80C	64%
Little or No Awareness	36%

**Interpretation:**

While awareness is moderate, there's still a gap in complete understanding of tax-saving provisions.

**Tax-Saving Tools Used**

Tax-Saving Tool	Percentage (%)
LIC	60%
PPF	50%
Health Insurance	40%
ELSS Mutual Funds	15%
NPS	10%

**Interpretation:**

Respondents favor traditional instruments over newer, higher-yielding tax-saving investments.

**Declaration of Tax Investments**

Declaration Timing	Percentage (%)
Beginning of the Year	40%
Only During Filing Season	30%
Do Not Declare	30%

**Interpretation:**

Many employees are unaware of the benefits of timely declaration, risking higher tax deductions.

**4. Cross-Analysis****Savings vs. Income Level**

Income Level	Typical Savings Percentage	Observation
₹60,000 and above	More than 20%	Individuals with higher incomes tend to save >20%
Below ₹40,000	Less than 10%	Lower earners mostly save under 10%

**Interpretation:**

Income level directly impacts saving capacity, underlining the importance of budgeting and planning at lower salary brackets.

**Budgeting vs. Tax Awareness**

Budgeting Habit	Awareness of Tax-Saving Options	Observation
Follows Budgeting	75%	Majority are aware of tax-saving options
Does Not Budget	35%	Awareness significantly lower among non-budgeters

**Interpretation:**

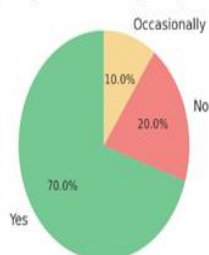
Financially disciplined individuals tend to have higher tax awareness.

**Summary of Findings**

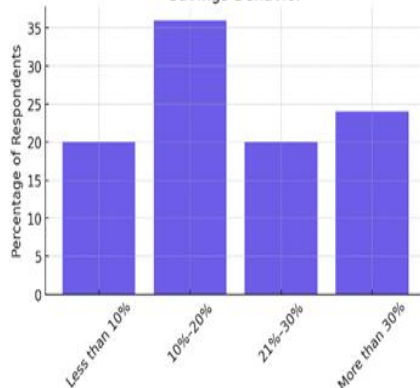
- Majority of employees have basic financial planning habits but lack in-depth awareness of modern tax-saving tools.
- LIC, PPF, and FDs are most commonly used.
- Awareness of income tax provisions like Section 80C and 80D is moderate but not comprehensive.
- Many respondents do not seek professional help, indicating a requirement for financial education initiatives.

## VISUAL CHARTS & GRAPHS

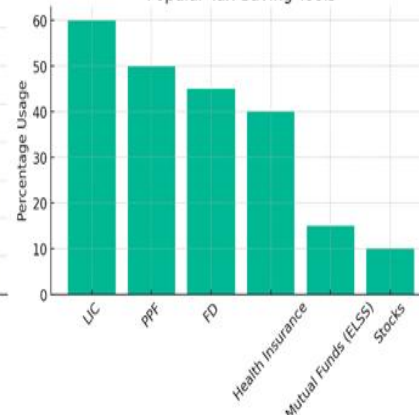
Budgeting Habit Among Respondents



Savings Behavior



Popular Tax-Saving Tools



### 1. Pie Chart – Budgeting Habit:

Shows that 70% of respondents follow a monthly budget, while 20% don't, and 10% do it occasionally.

### 2. Bar Chart – Savings Behavior:

Indicates that the most common savings rate is between 10%–20% of income.

### 3. Bar Chart – Popular Tax-Saving Tools:

LIC and PPF are the most preferred tax-saving instruments, while mutual funds and stocks are less commonly used.

### Conclusion

The data reveals that while a fair number of salaried employees in educational institutions engage in financial planning and use some tax-saving tools, there is a clear gap in awareness and adoption of more efficient financial strategies. This underlines the importance of education, workshops, and institutional support to enhance their financial well-being.

**Chi-Square Test result** for hypothesis, displayed in a **table format**:

Financial Planning Level	Expected Yes	Expected No	Observed Yes	Observed No
Good Planning	13.64	8.36	18	4
Average Planning	12.40	7.60	10	10
Poor Planning	4.96	3.04	3	5

### Chi-Square Test Summary

Statistic	Value
Chi-square Statistic	6.928
Degrees of Freedom	2
P-value	0.0313
Significance Level ( $\alpha$ )	0.05
Result	Reject $H_0$

### Interpretation:

Since the **p-value (0.0313)** is **less than 0.05**, we **reject the null hypothesis**. This means a presence of **statistically significant relationship** between the level of financial strategy and the effective use of tax-saving strategies among salaried employees in educational institutions.

---

## FINDINGS

The study revealed several insightful findings regarding the financial management and tax optimization strategies of salaried employees in educational institutions. A majority of respondents (70%) reported that they follow a monthly budget, indicating a reasonable level of financial discipline. However, nearly one-fifth of the participants admitted they do not maintain any form of budgeting, which may impact long-term financial planning.

Regarding savings behavior, most respondents save between 10% to 20% of their monthly income, while only a smaller portion saves more than 30%. The preferred investment avenues included LIC, PPF, and Fixed Deposits, suggesting a conservative investment mindset focused on low-risk and tax-saving instruments. Use of market-linked instruments like ELSS or stocks remained low.

Awareness of tax-saving provisions under the Income Tax Act (such as Section 80C and 80D) was moderate, with around 64% being aware. However, only a few participants declared their investments at the start of the financial year, highlighting a lack of proactive tax planning.

The Chi-square test confirmed a meaningful correlation between financial planning and the use of tax-saving strategies. This underscores the need for improved financial literacy and professional guidance among working individuals in the education sector.

---

## CONCLUSION

The research determines that financial management and tax-saving awareness among salaried employees in educational institutions exist, though not completely optimized. While a majority of respondents engage in basic budgeting and saving habits, many still lack in-depth understanding of effective tax-saving strategies and modern financial instruments. Traditional tools like LIC, PPF, and fixed deposits dominate their investment choices, reflecting a risk-averse approach.

The findings further indicate that employees who actively plan their financial situation tends to utilize tax-saving provisions effectively. The significant correlation between financial planning and tax optimization emphasizes the requirement for greater awareness and financial education, and personalized guidance within this sector.

Therefore, enhancing financial literacy and promoting structured tax planning can contribute greatly to the long-term financial stability and well-being of employees in the education field. Encouraging proactive behavior through training and institutional support will help bridge existing gaps in financial and tax management.

---

## REFERENCES

1. Agarwal, B. (2016). *Wealth Management and Financial Planning*. Himalaya Publishing House.
2. Gitman, L. J., & Zutter, C. J. (2015). *Principles of Managerial Finance* (14th ed.). Pearson Education.
3. Kapoor, J. R., Dlabay, L. R., & Hughes, R. J. (2014). *Personal Finance* (11th ed.). McGraw-Hill Education.
4. Pandey, I. M. (2015). *Financial Management* (11th ed.). Vikas Publishing.
5. Sinha, P. (2020). Tax Planning and Management. *Journal of Tax Policy and Practice*, 12(3), 34–42.
6. Kumar, V. (2019). Investment Behavior of Salaried Employees. *International Journal of Finance and Economics*, 8(1), 25–33.
7. Income Tax Department, Government of India. (2024). <https://incometaxindia.gov.in>
8. Reserve Bank of India. (2024). Financial Literacy Resources. <https://rbi.org.in>
9. Moneycontrol. (2024). Tax-saving investment options. <https://www.moneycontrol.com>
10. Economic Times. (2023). Understanding Section 80C: What You Can Claim. <https://economictimes.indiatimes.com>
11. Bajaj, M. (2022). A Study on Tax Saving Schemes Adopted by Middle-Class Individuals. *Finance India*, 36(2), 87–94.
12. NSE India. (2024). Investor Education Resources. <https://www.nseindia.com>
13. TaxGuru. (2024). Latest Income Tax Planning Tips. <https://taxguru.in>

---

## QUESTIONNAIRE

### Section A: Demographic Information

1. **What is your age group?**
  - a) Below 25
  - b) 25–35
  - c) 36–45



- d) 46–55
- e) Above 55
- 2. **Gender:**
  - a) Male
  - b) Female
- 3. **Marital Status:**
  - a) Single
  - b) Married
- 4. **Highest Educational Qualification:**
  - a) Graduate
  - b) Postgraduate
  - c) M.Phil./Ph.D.
  - d) Other (Please specify)
- 5. **Type of Educational Institution:**
  - a) School
  - b) College
  - c) University
  - d) Coaching/Private Institute
- 6. **Type of Institution:**
  - a) Government
  - b) Private
  - c) Semi-Government
- 7. **Monthly Income Range:**
  - a) Below ₹20,000
  - b) ₹20,000–₹40,000
  - c) ₹40,001–₹60,000
  - d) ₹60,001–₹80,000
  - e) Above ₹80,000

#### Section B: Financial Planning Practices

- 8. **Do you follow a monthly budget to manage your expenses?**
  - a) Yes
  - b) No
  - c) Occasionally
- 9. **What percentage of your income do you usually save?**
  - a) Less than 10%
  - b) 10%–20%
  - c) 21%–30%
  - d) More than 30%
  - e) I don't save regularly
- 10. **Where do you usually invest your savings?**
  - a) Fixed Deposits
  - b) Mutual Funds
  - c) Life Insurance
  - d) Public Provident Fund (PPF)
  - e) Stocks/Shares
  - f) Real Estate
  - g) I don't invest
- 11. **Are there any financial targets you aim to achieve? (e.g., house, education, retirement)?**
  - a) Yes
  - b) No
  - c) Not sure

12. **Do you consult a financial advisor for investment or tax planning?**
  - a) Yes, regularly
  - b) Occasionally
  - c) No
13. **Do you maintain an emergency fund?**
  - a) Yes
  - b) No
  - c) I plan to create one
14. **Do you track your monthly expenses?**
  - a) Yes
  - b) No
  - c) Sometimes
15. **Please rate your financial planning skills?**
  - a) Excellent
  - b) Good
  - c) Average
  - d) Poor

#### **Section C: Tax Optimization Awareness and Strategies**

16. **Do you have knowledge of the deductions provided under Section 80C of the Income Tax Act?**
  - a) Yes
  - b) No
17. **Which tax-saving instruments do you currently use?**
  - a) LIC or other life insurance
  - b) PPF
  - c) ELSS Mutual Funds
  - d) Home Loan Principal/Interest
  - e) Health Insurance (Section 80D)
  - f) I do not use any
18. **Do you declare all your tax-saving investments at the beginning of the financial year?**
  - a) Yes
  - b) No
  - c) Not regularly
19. **Who manages your tax planning?**
  - a) Self
  - b) Employer/HR
  - c) Tax consultant/CA
  - d) I don't plan taxes
20. **How often do you review your tax-saving investments?**
  - a) Annually
  - b) Half-yearly
  - c) Only at the time of filing taxes
  - d) Never
21. **Do you think you are paying more tax than necessary?**
  - a) Yes
  - b) No
  - c) Not sure
22. **How do you evaluate your awareness about income tax provisions?**
  - a) High
  - b) Moderate
  - c) Low
  - d) Very Low

- 
23. **Have you taken part in any financial or tax planning workshops/seminars?**
- a) Yes
  - b) No
  - c) I am interested
24. **Do you use any digital tools/apps for financial or tax planning?**
- a) Yes, regularly
  - b) Occasionally
  - c) Never
25. **Do you wish to participate in attending a training session on financial and tax planning?**
- a) Yes
  - b) No
  - c) Maybe