

A Study on Financial Planning for Salaried Employees and Strategies for Tax Savings

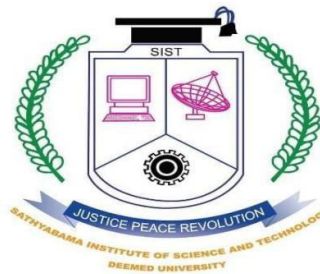
Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

By

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REG NO: 40410207



SCHOOL OF BUSINESSADMINISTRATION

SATHYABAMA

**INSTITUTION OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**ACCREDITED WITH GRADE 'A' WITH NACC 128 BY UCG APPROVED BY AICTE
JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI – 600119**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **R.YUVARAJ 40410207** who carried out the project entitled "**A Study on Financial Planning for Salaried Employees and Strategies for Tax Savings**" under my supervision from January 2022 to March 2022.

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Submitted for Viva voce Examination held on _____

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DECLARATION

I R.YUVARAJ(40410) hereby declare that the Project Report entitled “**A Study on Financial Planning for Salaried Employees and Strategies for Tax Savings**” done by me under the guidance of **Dr.Thamilseval.R**, M.Com.,M.B.A.,M.Phil.,B.Ed.,Ph.D., Associate Professor, Department of Management Studies at SATHYABAMA INSTITUTE OF SCIENCE AND TECHNOLOGY, CHENNAI is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE:

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ACKNOWLEDGEMENT

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TABLE OF CONTENTS

CHAPTER NO	TITLE	PAGE NO
	LIST OF TABLES	vi-vii
	LIST OF CHARTS	viii-ix
1	INTRODUCTION	1-5
	1.1 Abstract	1
	1.2 Introduction	1-2
	1.3 Need of the study	2
	1.4 Statement of the problem	3
	1.5 Objectives of the study	3
	1.6 Scope of the study	4
	1.7 Limitations of the study	4
	1.8 Chapter of framework	5
2	REVIEW OF LITERATURE	6-9
3	RESEARCH METHODOLOGY	10-13
	3.1 Research design	10
	3.2 Sources of data	10
	3.3 Sampling technique	10
	3.4 Structure of questionnaire	10
	3.5 Sample size	11
	3.6 Period of study	11
	3.7 Hypotheses/Analytical tools	11

	3.8 Statistical tools used:	11
	3.8.1 chi-square test	12
	3.8.2 Anova test	13
4	DATA ANALYSIS AND INTERPRETATION	14-49
5	FINDINGS,SUGGESTIONS AND CONCLUSION	50-52
	5.1 Findings	50
	5.2 Suggestions	51
	5.3 Conclusion	52
	REFERENCE	53
	APPENDIX-1(QUESTIONNAIRE)	54-58

LIST OF TABLES

CHAPTER NO	TITLE	PAGE NO
TABLE RELATED TO HYPOTHESIS/ ANALYTICAL		
3.8.1	Chi square test	12
3.8.2	Anova test	13
TABLE RELATED TO DATA ANALYSIS AND INTERPRETATION		
4.1	Table represents Gender wise classification of respondents	14
4.2	Table represents Age wise classification of respondents.	16
4.3	Table represents Annual Income of the respondents.	18
4.4	Table represents Occupational status of the respondents	20
4.5	Table represents Annual savings of the respondents	22
TABLE RELATED TO QUESTIONS BASED RESPONDENTS		
4.6	Table represents motivators of savings	24
4.7	Table represents Factors considered increasing the size of savings	26
4.8	Table represents Investment preferences of the respondents	28
4.9	Table represents Respondents' investment trend in the recent years	30
4.10	Table represents Time horizon of investments	32

4.11	Table represents advice do the to take while investing	34
4.12	Table represents respondents get information for your investment	36
4.13	Table represents to create awareness among salaried employees about investment:	38
4.14	Table represents awareness of tax saving instruments	40
4.15	Table represents type of investment plan does the respondents prefer in future	42
4.16	Table represents Frequency Analysis for Repay Loans	44
4.17	Table represents Frequency Analysis for Tax planning	46
4.18	Table represents Frequency Analysis for Emergency Fund	48

LIST OF CHARTS

CHAPTER NO	TITLE	PAGE NO
CHARTS RELATED TO DATA ANALYSIS AND INTERPRETATION		
4.1	Chart represent Gender wise classification of respondents	15
4.2	Chart represents Age wise classification of respondents.	17
4.3	Chart represents Annual Income of the respondents.	19
4.4	Chart represents Occupational status of the respondents	21
4.5	Chart represents Annual savings of the respondents	23
QUESTIONS BASED RESPONDENTS		
4.6	Chart represents motivators of savings	25
4.7	Chart represents Factors considered increasing the size of savings	27
4.8	Chart represents Investment preferences of the respondents	29
4.9	Chart represents Respondents' investment trend in the recent years	31
4.10	Chart represents Time horizon of investments	33
4.11	Chart represents advice do the to take while investing	35
4.12	Chart represents respondents get information for your investment	37

4.13	Chart represents to create awareness among salaried employees about investment:	39
4.14	Chart represents awareness of tax saving instruments	41
4.15	Chart represents type of investment plan does the respondents prefer in future	43
4.16	Chart represents Frequency Analysis for Repay Loans	45
4.17	Chart represents Frequency Analysis for Tax planning	47
4.18	Chart represents Frequency Analysis for Emergency Fund	49

CHAPTER -1

1.1 ABSTRACT: A financial plan is something that you create after considering your current income, savings, expenses, future earnings, insurance if any, financial goals and a vision for your future life. You then try to choose savings and investment options accordingly so that you can meet your long-term and short-term financial goals at various stages in your lives. Financial planning is important when it comes to saving taxes. It is imperative for an individual as it helps in maintaining steady savings percentage even when the financial markets are constantly being played between inflation and fluctuation. Tax planning is an essential part of financial planning. Efficient tax planning enables us to reduce our tax liability to the minimum. This is done by legitimately taking advantage of all tax exemptions, deductions rebates and allowances while ensuring that your investments are in line with their long-term goals. The researcher had conducted a survey in order to find out the financial planning as well as for tax saving of the salaried individuals. The survey was done within the region of Chennai for the period of 2 months (1st jan 2022 to 31st march, 2022). The purpose of the study is also to find out the most suitable and popular tax saving instrument used to save tax and also to examine the amount saved by using that instrument.

Key words: Financial planning, tax planning, tax saving instruments.

1.2 INTRODUCTION: Financial Planning is the process of meeting life goals through the proper management of finances. Financial planning is a process that a person goes through to find out where they are now (financially), determine where they want to be in the future, and what they are going to do to get there. Financial Planning provides direction and meaning to persons financial decisions. It allows understanding of how each financial decision a person makes affects other areas of their finances. For example, buying a particular investment product might help to pay off mortgage faster or it might delay the retirement significantly. By viewing each financial decision as part of the whole, one can consider its short and long-term effects on their life goals. Person can also adapt more easily to life changes and feel more secure that their goals are on track.

1.2.1 Income tax law:

The law of income tax is contained in income tax Act-1961. Applicable to all assessed whether individual, firm, HUF, Company, Cooperative society, etc. Salaried Employees come under the category of individual. Public Sector employees pay the maximum tax. Tax Management includes tax planning but does not include tax avoidance and tax evasion.

1.2.2 Tax Management:

Tax Management implies the use of legitimate tax shelters: deductions, exemptions and allowances to reduce tax liability. Noteworthy in the above stated definition is the key word "legitimate". It also includes Filing of tax return timely and properly. Every taxpayer can, with some thought, care and study, legitimately reduce his tax burden.

1.2.3 Basic Concepts of Income-tax:

Income of Previous year is chargeable to tax in the immediately following assessment year. There are 5 main heads of Income: Salary, House Property, Profits/Gains of Business/Profession, Capital Gains, other Sources.

1.2.4 Income from Salaries:

Taxable either on due or on receipt basis. - Basic Pay, DA, Bonus, are fully taxable. HRA, Transport Allowance, Children education allowance are partly taxable. Perquisites are the benefits in cash or in kind attached to an office or position in addition to salary or wages. It includes rent-free or concessional rate accommodation, motor car, gas, electricity, water, etc.

1.3 NEED OF THE STUDY:

The Study is about to find various strategies are available for tax savings and to achieve long and short term financial goals through financial planning. It intend to study the pattern in which employees allocates their savings in tax strategies.

1.4 STATEMENT OF THE PROBLEM:

All the relevant information for the study has been obtained from the representative samples of the salaried section and without referring to any records. As the study is for current and also a short period, those data seen to be reliable.

1.5 OBJECTIVES OF THE STUDY:

Primary objective:

- To spread awareness about financial planning among the working-class people
- To understand the saving-investment behaviour of the salaried employees

Secondary Objective:

- To gain knowledge about the various investment avenues keeping in mind the significance of tax saving
- To understand how savings can be increased for the future using different instruments
- To find out the most suitable investment instrument for salaried investors
- To examine the amount saved by using that instrument.

1.6 SCOPE OF STUDY:

- The scope of study is getting familiar with various investment avenues available in market. To study the life stages of an individual and to identify their risk tolerance, income flow, life goals and current investment. Study should cover all areas of the individual's financial needs and should result in the achievement of each of the individual's goals.
- The scope of planning will include the following:
Risk management and Insurance Planning, Investment Planning, Retirement Planning, Tax Planning.

1.7 LIMITATIONS OF THE STUDY:

- Reluctances of the respondents to provide information can affect the validity of the responses.
- The lack of knowledge of the respondents about the financial instruments can be a major limitation.
- The information can be biased due to use of questionnaire.
- The study was conducted for 2 months i.e. from 1st Jan 2022 to 31st March 2022.
- The survey was conducted digitally, hence there was lack of physical presence from both ends.

1.8 CHAPTER FRAME WORK:

CHAPTER 1: INTRODUCTION-

This chapter consists of Study on Financial Planning, introduction, need of the study, statement of the problem, objectives of the study, scope of the study, Limitations of the study.

CHAPTER 2: REVIEW OF LITERATURE-

This chapter consists of research paper of authors who had been conducted the research A Study on Financial Planning for Salaried Employees and Strategies for Tax Savings.

CHAPTER 3: RESEARCH METHODOLOGY-

This chapter consists of research design, source of data, sampling technique, structure of questionnaires, sample size, period of the study, statistical tools and hypothesis of study.

CHAPTER 4: DATA ANALYSIS-

This chapter consists of analysis which is collected through questionnaire and chi square and anova test used as tools to analyses the study.

CHAPTER 5: FINDINGS, SUGGESTIONS AND CONCLUSION-

This chapter consists of findings, suggestions and conclusion of the study.

CHAPTER 2

REVIEW OF LITERATURE

A literature review is a body of text that aims to review the critical points of current knowledge on a particular topic.

Bitto Benny (2018) “A Study on Tax Awareness and Planning Measures Adopted by the Salaried Class in Bangalore City” The economy of India is a developing mixed economy. It is the world’s sixth largest economy by nominal GDP and the third largest by purchasing power parity. The salaried employees constitute a stable class of tax payers who contribute to the public exchequer about 12 percent of the total revenue collection by the way of income tax. Tax planning has assumed special importance for salaried class of tax payers in view of the mounting pressures of inflation, price hike and their and strict obligation for tax compliance.

Blessy A. & Varghese (2019) “A Study on Tax Planning Measures Adopted by Salaried Class with Special Reference to Chengannur Municipality, Alappuzha District” The economy of India is a developing mixed economy. It is the world’s sixth largest economy by nominal GDP and the third largest by purchasing power parity.

Dr. Sebastian .T. Joseph (2017) “A Comprehensive Study among the Working Women towards the Awareness of Tax Saving Schemes in Allahabad” Government has to play an important role in all round development of society and country as a whole. Tax constitutes the main source of finance whereby government raises revenues for public spending.

Myron S. Scholes, G.Peter Wilson, Mark A. Woolfson (1990) “Taxing Planning, Regulatory capital Planning and Financial Reporting Strategy for Commercial Banks” We test whether banks’ investment and financing policies can be explained by tax status. We document changes in bank holdings of municipal bonds in response to changes in tax rules relating to deductibility of interest expense. We also document an association between banks’ marginal tax rates and their investment and financing decisions, which is consistent with the existence of tax clienteles.

Kumaraswamy&DivakarVelya M, (2020)“Tax Planning – An Analysis on Housing Loans”Housing loans, for sure, makes it possible to an individual to own a house. A gradual increase over the times in the associated costs of real estate makes a housing loan lasts for decades. As every Government's priority is to provide shelter to all its citizens; on the other hand, it is reducing housing loan borrowers tax burden through several Income Tax provisions. This paper focuses on these issues in every possible dimension.

BharathrajShetty& M. MuthuGopalakrishnan (2013) “An Analysis of Investors Attitude towards Various Tax Saving Schemes”The objective of the study is to study investor's preference towards various tax saving schemes (under various sections of Income Tax, Act 1961). The tax saving schemes in which investors have invested, to identify patterns of investment in tax saving schemes. Data required to identify the historical growth of investment in different tax saving schemes.

Krishnamurthy (2015) “Investment Pattern and Awareness of Salaried Class Investors in Tiruvannamalai District of Tamilnadu”The results also highlight that certain factors like education level, age of investors, number of family members etc make significant impact while deciding on the avenues for investment. The present study is based on primary sources of data which are collected by distribution of a close ended questionnaire. The data has been analyzed using chi-square test. The research shows that majority of the respondents are saving money as Bank deposits for the safety of predictable future.

RiniHastuti (2014)“Tax Awareness and Tax Education: A Perception of Potential Taxpayers”Self assessment system requires tax payers to have full understanding of tax rules. Students of high education are perceived as potential tax payers since in the future they will earn revenues that are subjected to taxes. Based on previous research, having full understanding of tax is proved to drive tax evasion; hence tax education becomes a key.

Saravanan, MuthuLakshmi (2017) “Tax Saving Scheme and Tax Saving Instruments of Income Tax in India” To study the planning of individual income tax and tax saving instruments of individual income tax. By doing so they can plan in advance about their Tax savings instrument. Tax planning is an essential part of our financial planning. The purpose of the study is to find out the most suitable and popular tax saving scheme and tax saving instrument used to save tax and also to examine the amount saved by using that instrument

Jon Gruber, Emmanuel Saez (2002) “The elasticity of taxable income: evidence and implications” A central tax policy parameter that has recently received much attention, but about which there is substantial uncertainty, is the overall elasticity of taxable income. The elasticity of real income, not including tax preferences, is much lower. We also estimate small income effects on tax changes on reported income, implying that the compensated and uncompensated elasticities of taxable income are very similar.

Kaushik Rajiv (2012), In his article “Assessment of Individual Income Tax, Tax Planning and Saving in India, suggested that Any individual who want to assess his/her income tax and want to do tax planning and savings, first he/she has to calculate his/her total income then compute the income tax by deduction and adjustment in total income as per tax table structure. If tax is paid in excess then get refund from the income tax department. Finally do the tax audit.

Chawla Chanchal, Jain Vipin , Joshi Anand and Gupta Vinayak (2013) in their study “A Study of Satisfaction Level & Awareness of Tax-payers towards E-filing of Income Tax Return – with Reference to Moradabad City” shows that the existing users are satisfied with the e-filing facilities but most of the individual tax payers are not aware of the e-filing procedures so sufficient steps are required to create more awareness in the minds of tax payers regarding e-filing of income tax.

Matthias Wrede (2014) has found that tax planning has increased the fair tax rate in Germany. The study identified that families with prosocial motives should be taxed less than those without pro-social motives. The study proved that taxation should not prevent individuals with the joy-of-giving motives from contributing substantially more to the social good than individuals who do not share these motives.

Manjunath (2015) has identified that bank deposit was a preferred investment avenue for salaried class investors followed by insurance, post office saving schemes, real estate and mutual funds. Only meagre percent of the salaried class investors preferred to invest in shares and bonds due to the risk associated with them. Hence, salaried class investors have preferred to invest in the long-term investments with the objective of retirement life, children's marriage, children's higher education and stable return. The study also examined that majority of the male investors have possessed more awareness about the investment avenues with tax benefits.

Neha (2016) has examined the preference of salaried personnel towards investment avenues. The study identified that most of the salaried personnel followed the investment advice of friends and relatives. Hence, the study found that the preferred investment avenues of salaried personnel were fixed deposit, gold and silver. The study also identified that the purpose of investment made by the salaried personnel was purchasing a home and for long-term growth.

Nicoletta Marinelli et al. (2017) have studied the role of gender in the investment behaviour in Italy. The study identified that among the socio-demographic and economic variables, gender has played a significant role in the investment decision process, risk preferences and portfolio characteristics. The study also found out that gender did not affect the quality of portfolios.

CHAPTER- 3

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN:

The research design of this project is descriptive design. The method of research used here is a simple survey created using goggle forms. The research is conducted to analyze the a study on financial planning for salaried employees.

3.2 SOURCE OF DATA:

3.2.1 Primary data:

The data collection made in this project is done through a questionnaire. The primary data has collected through well framed questionnaires from employees.

3.2.2 Secondary data:

The secondary data were collected from websites, articles and online journals.

3.3 SAMPLING TECHNIQUE:

The sampling technique used here is convenience sampling where the survey is entirely based on availability and willingness of the participants to take part in the survey conducted. The participant is not forced to take up the survey and it is entirely based on their willingness to contributed to the survey consist of a pre-determined question and options where the participants are asked to choose from the given options to answer for the given question.

3.4 STRUCTURE OF THE QUESTIONNAIRE:

Questionnaire was divided into two sections. First part contains general information and the second part contains questions related to “A Study on Financial Planning for Salaried Employees and Strategies for Tax Savings” questionnaire was prepared by using Linkert scale.

3.5 SAMPLE SIZE:

The sample size for the project had a target of 100-120 participants. The fixed of the sampling size has been achieved as the total number of respondents for the survey questionnaire was 120. Total of 120 respondents helped the project to analyze more responses and it helped to derive a conclusion regarding “A Study on Financial Planning for Salaried Employees and Strategies for Tax Savings”

3.6 PERIOD OF STUDY:

This is one time research where the research is conducted only for one time and that the project is based on the responses derived from a definition period of time. The period of study for the project was about to 10 days. The entire project is based on the responses collected from the 190 participants in 10-day time period.

3.7 HYPOTHESES/ANALYTICAL TOOLS:

The following are a set of imaginary questions framed in order to conduct hypothesis tested using chi square test and Correlation. These questions are framed in form of quantitative data as the survey was of qualitative data.

3.8 Statistical tools used:

3.8.1 Chi square:

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	28.618 ^a	9	.001
Likelihood Ratio	21.665	9	.010
Linear-by-Linear Association	.247	1	.619
N of Valid Cases	189		

a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is .85.

INTERPRETATION:

From the table it is inferred that p value (0.001) is lesser than 0.05 we reject null hypothesis (H0) and accept alternate hypothesis (H1). There is significant association between Age and Whose advice do the respondents take while investing.

3.8.2 Chi square:

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	1.174 ^a	3	.759
Likelihood Ratio	1.180	3	.758
Linear-by-Linear Association	.076	1	.783
N of Valid Cases	189		

a. 1 cells (12.5%) have expected count less than 5. The minimum expected count is 3.92.

INTERPRETATION:

From the table it is inferred that p value (0.759) is greater than 0.05 we accept null hypothesis (H0) and reject alternate hypothesis (H1). There is no significant association between Gender and type of investment plan does the respondents prefer in future.

3.8.3 Anova test:

Annual_Income_of_the_respondents_

Tukey HSD^{a,b}

Annual_savings_of_the_respondents_		Subset for alpha = 0.05	
	N	1	2
Rs. 25,000-50,000	34	2.26	
Rs.50,000-75,000	19	3.00	3.00
More than Rs. 100000	42	3.19	3.19
Less than Rs. 25,000	77		3.66
Rs.75,000-1,00,000	17		3.88
Sig.		.129	.164

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 28.143.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

CHAPTER - 4

DATA ANALYSIS AND INTERPRETATION

TABLE NO-4.1: Gender wise classification of respondents

Gender	No. of respondents	Percentage %
Female	74	39%
Male	116	61%
Total	190	100%

SOURCE: PRIMARY DATA

INTERPRETATION:

From the above table 61% of the respondents are male and 39% of the respondents are female. Majority of the respondents (61%) are male.

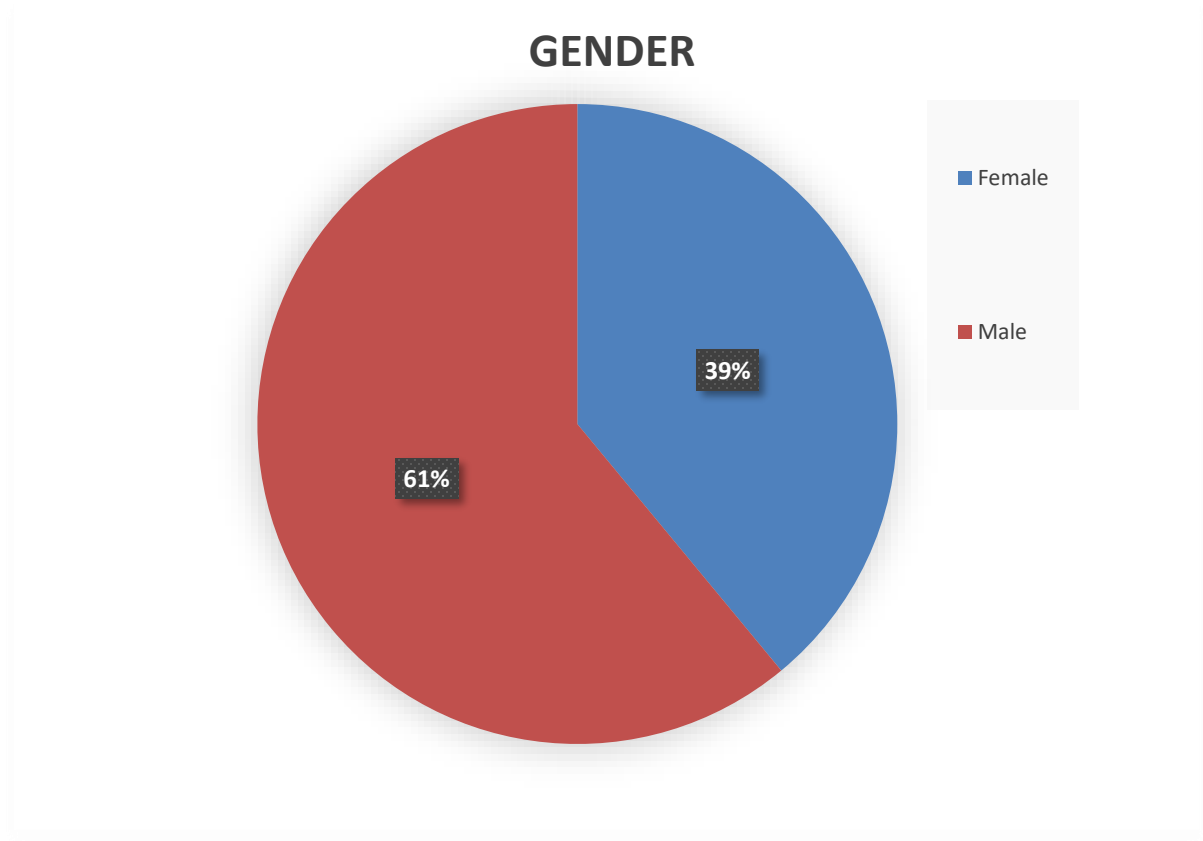


CHART NO-1: Gender wise classification of respondents

TABLE NO-4.2: Age wise classification of respondents

Age	No. of respondents	Percentage
20-30	126	60%
30-40	41	22%
40-50	15	8%
50-60	8	4%
Grand Total	190	100%

SOURCE: PRIMARY DATA

INTERPRETATION:

From above table 60% of the respondents of the questionnaire are 20-30 years, 22% of the respondents are 30-40 years, 8% of the respondents are 40-50 years and 4% of the respondents are above 50-60years. Majority (60%)of the respondents are 20-30 years

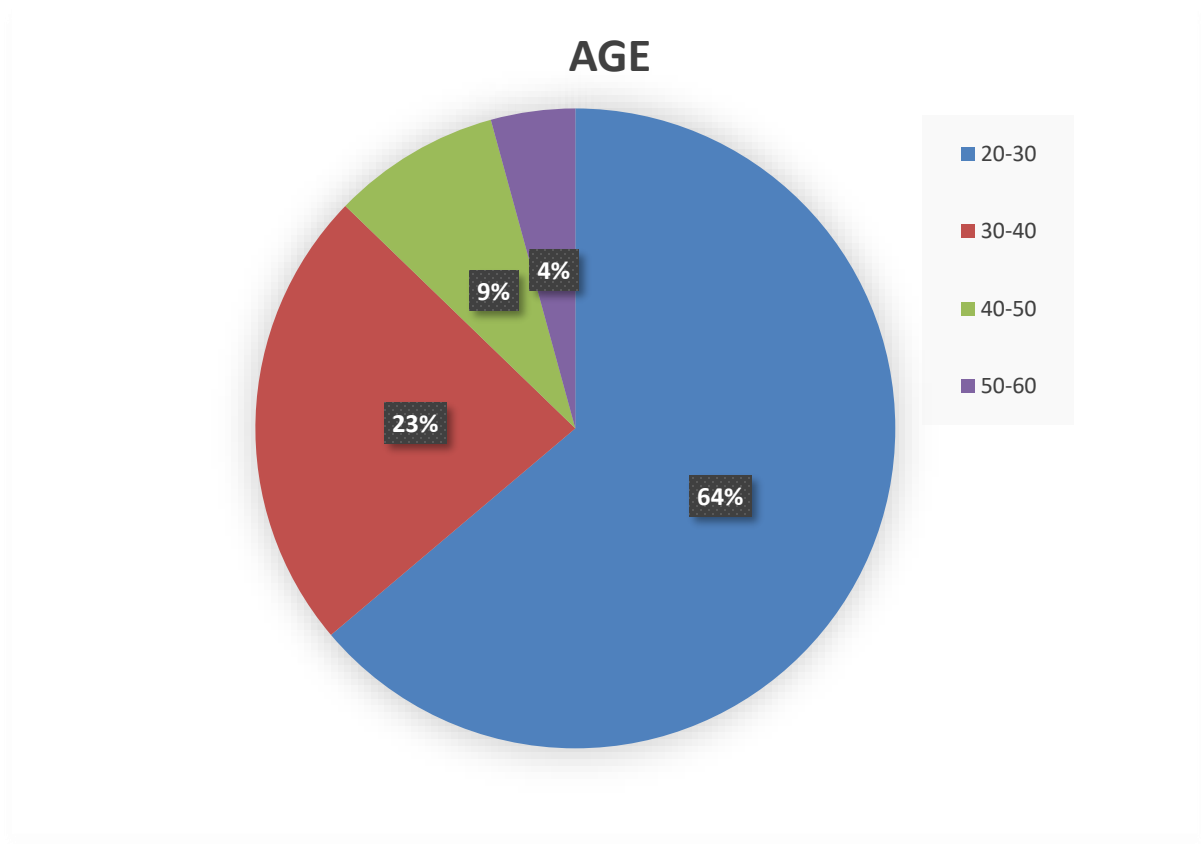


CHART NO-2: Age wise classification of respondents

Annual Income	No. of respondents	Percentage %
Up to Rs. 2 lakh	38	20%
Rs. 2-3 lakh	24	13%
Rs. 3-4 lakh	35	18%
Rs. 4-5 lakh	28	15%
Above Rs. 5 lakh	65	34%
Total	190	100%

**TABLE NO-4.3:
Annual Income of
the respondents:**

SOURCE: PRIMARY DATA

INTERPRETATION:

The above figure shows that a major portion of respondents are in income slab of above Rs.5 lakh p.a., i.e. 34%, this indicates that the person may be in the mature stage of career. On the contrary, the second major group of respondents belong to the income slab of upto Rs.2 lakh, i.e. 20%, which indicates that he/she might be in the beginning phase of their career. With the rest of the income slabs, the

respondents show a stable phase of their career.

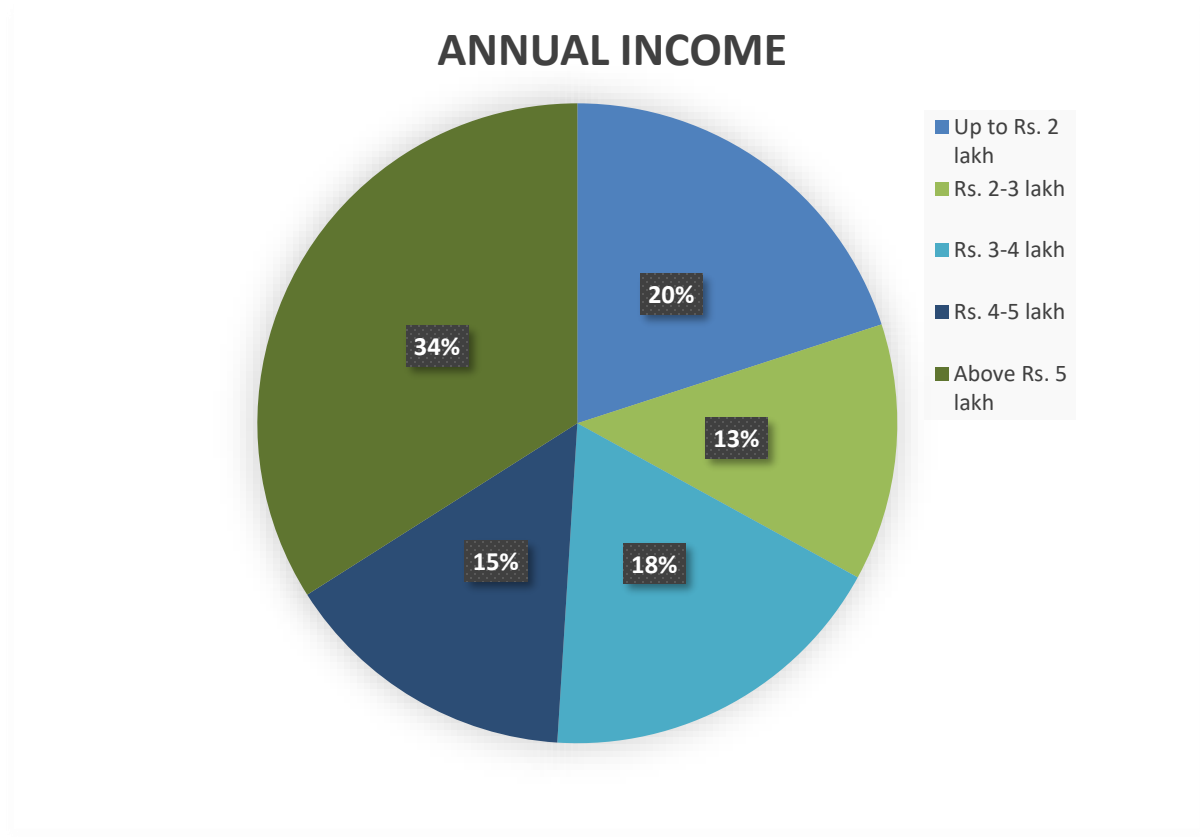


CHART NO-3: Annual Income of the respondents

TABLE NO-4.4: Occupational status of the respondents

Occupational status	No. of respondents	Percentage %
Teachers/Lecturers	20	11%
Doctors /Engineers	76	40%
Officers	27	14%
Clerks /others	67	35%
Total	190	100%

Source: Primary data

INTERPRETATION:

Most of the respondents were doctors/engineers i.e. 40%, whereas 35% of respondents were from the category of clerks/others. Respondents belonging to the category of teachers/lecturers and officers were 11% and 14% respectively.

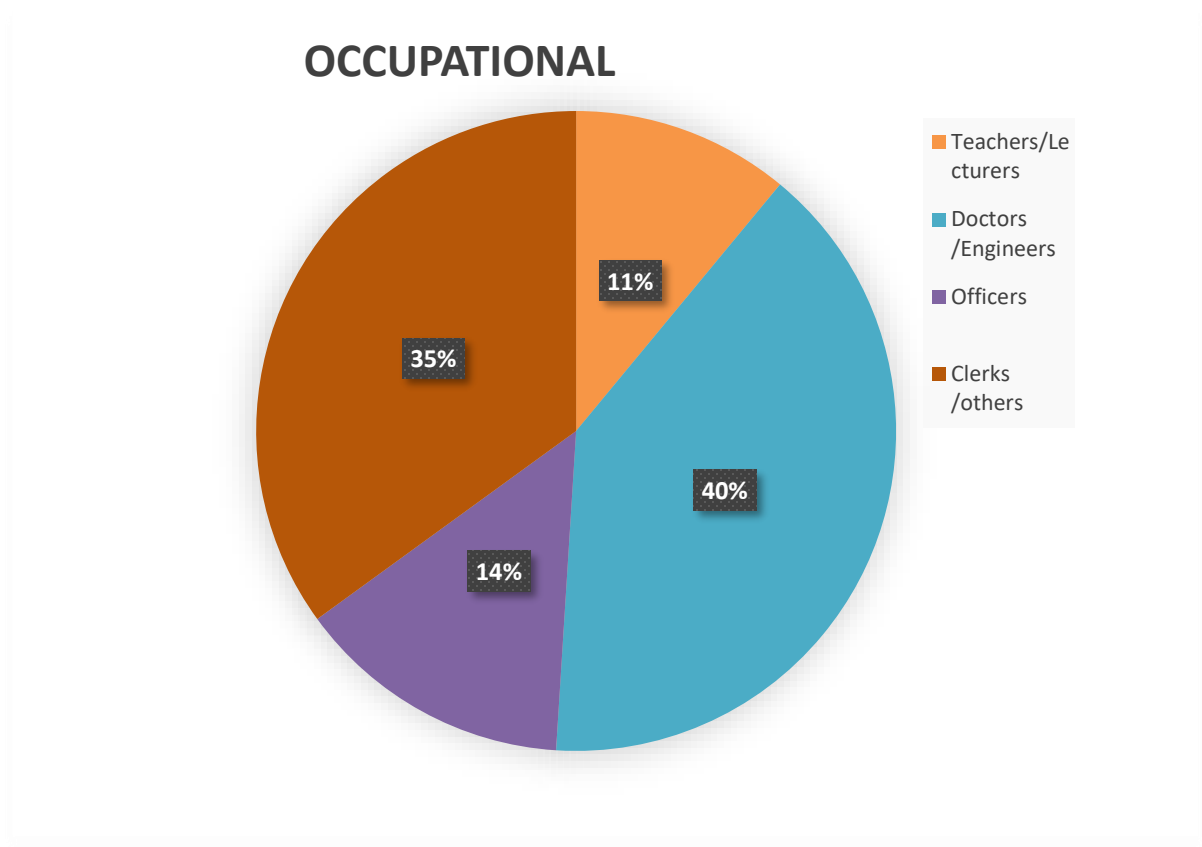


CHART NO-4: Occupational status of the respondents

TABLE NO-4.5: Annual savings of the respondents

Annual savings	No. of respondents	Percentage %
Less than Rs. 25,000	78	41%
Rs. 25,000-50,000	34	18%
Rs.50,000-75,000	19	10%
Rs.75,000-1,00,000	17	9%
More than Rs. 1,00,000	42	22%
Total	190	100%

SOURCE: PRIMARY DATA

INTERPRETATION:

From the figure shown above, we can indicate that majority of the salaried employees have an annual savings of less than Rs. 25,000, i.e. 41% of the total respondents; and on the contrary 22% of the total respondents have an annual savings of more than Rs. 1,00,000. It can be said that the reason behind low/decreasing annual savings can be increasing responsibilities of a middle class worker, less income, more spending, debts/loans, lack of awareness regarding savings and investment, and not to forget inflation. The respondents have also shown a slow and steady/increasing saving pattern

ANNUAL SAVING

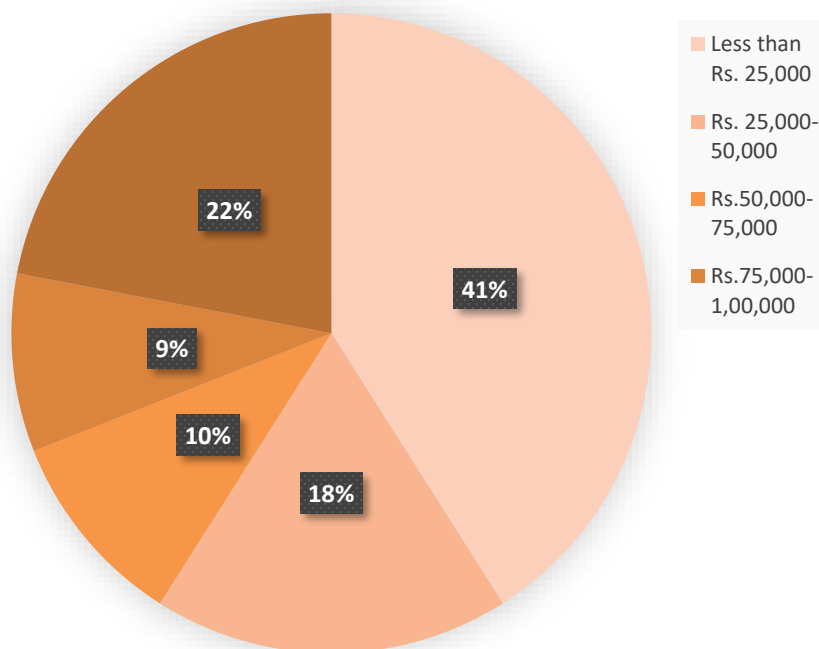


CHART NO-5: Annual savings of the respondents

TABLE NO-4.6: The motivators of savings of the respondents

Motivators of savings	No. of respondents	Percentage %
To meet specific purpose	85	45%
To earn income	36	19%
To meet contingent expenses	27	14%
To get tax benefits	3	2%
To be secured at old age	39	20%
Grand Total	190	100%

SOURCE: PRIMARY DATA

INTERPRETATION:

The motivation behind saving cannot be known except for the individual himself. As shown in the figure above, it can be said that the respondents' main motivator is to meet specific purpose, as 45% of respondents have selected this option. These specific purposes for saving can be personal expenses like buying luxurious goods, family's expenses, saving for children's future, health expenses, vacations, wedding, etc. Whereas, there are only 2% of respondents whose motivator for saving is to get tax benefits, which shows that most of them are not aware about the benefits of tax saving investments.

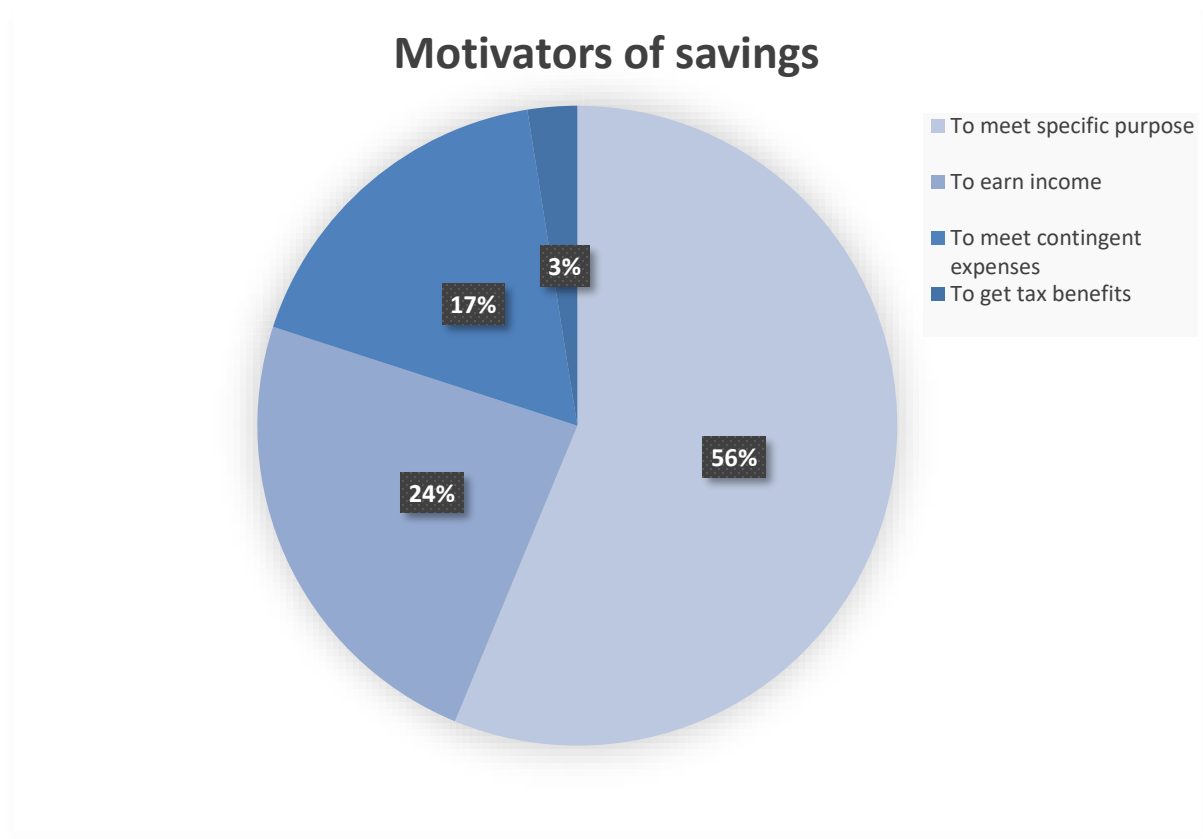


CHART NO-6: The motivators of savings of the respondents

TABLE NO-4.7: Factors considered by the respondents for increasing the size of savings

Factors	No. of respondents	Percentage %
Increase in salary	73	39%
Additional income/increments	67	35%
Future needs	44	23%
Tax benefits	4	2%
Statutory requirements	2	1%
Total	190	100%

SOURCE: PRIMARY DATA

INTERPRETATION:

The figure shown above indicates that, in order to increase the size of savings, an increase in salary is expected, as 39% of the salaried respondents have chosen this option. Additional income/increments also needs to be considered in order to increase savings. Future needs of an individual can be considered as a factor which pushes an individual towards saving more of their income as it may benefit at the time of need. Tax benefits and statutory requirements are the least considered factors while increasing the savings.

Factors considered of savings

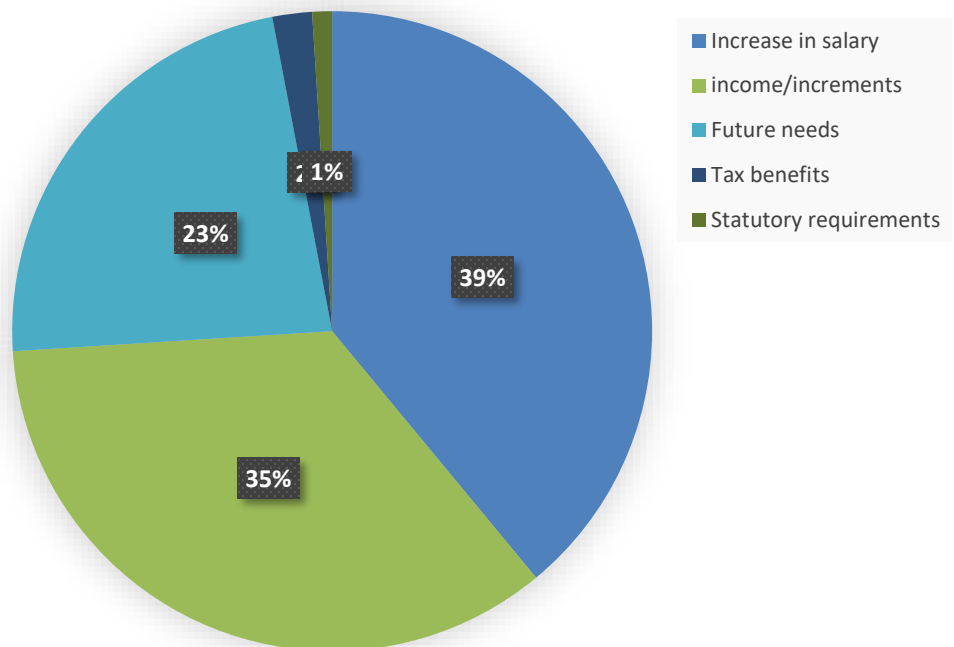


CHART NO-7: Factors considered by the respondents for increasing the size of savings

TABLE NO:-4.8 Investment preferences of the respondents

Investment Preference	No. of responses for each respondent	Percentage %
Bank Deposits	71	37.4%
Mutual Funds	72	37.9%
Fixed deposits	66	34.7%
Insurance Policies	38	20%
Govt. Securities i.e., PF, GPF/PPF	82	43.2%
Post Office deposits	17	8.9%
Equity Market	30	15.8%
Gold	96	50.5%

SOURCE: PRIMARY DATA

INTERPRETATION:

It is observed that half of the respondents (i.e. 50.5%) mostly prefer to invest in gold. Due to some influencing factors such as high liquidity and inflation-beating capacity, gold is one of the most preferred investments in India. Gold investment can be done in many forms like buying jewelry, coins, bars, gold exchange-traded funds, Gold funds, sovereign gold bond scheme, etc

Investment preferences of the respondents

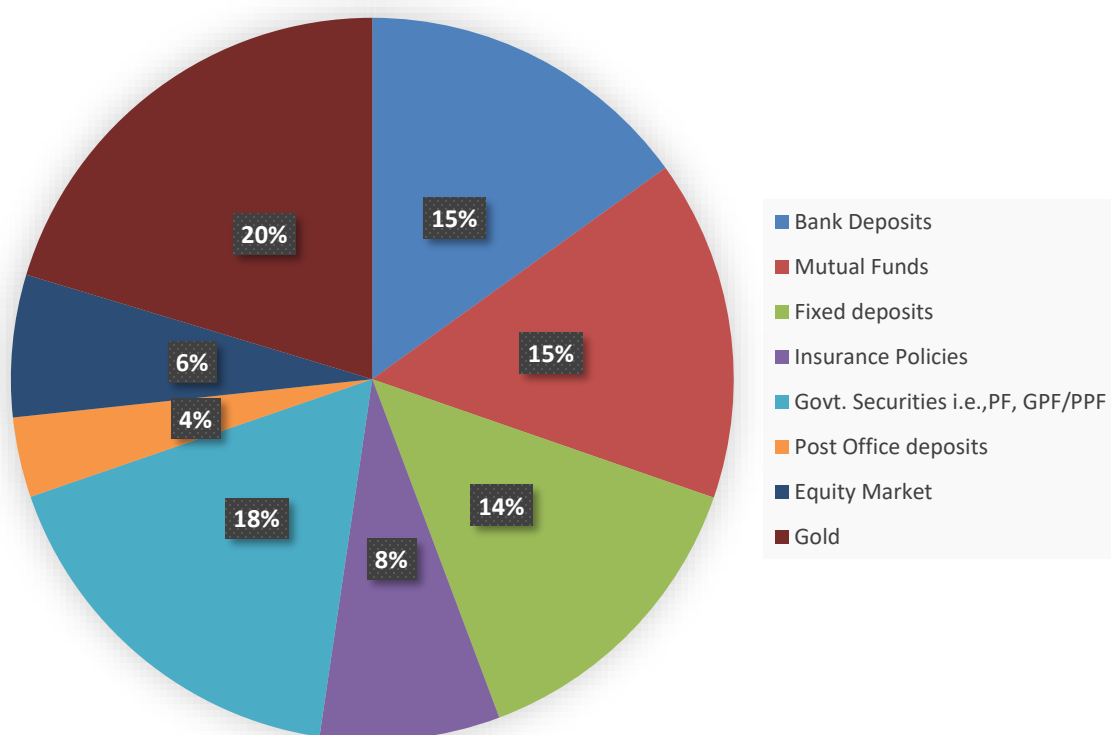


CHART NO-8 Investment preferences of the respondents

TABLE NO-4.9: Respondents' investment trend in the recent years

Investment trend	No. of respondents	Percentage %
Increasing	79	42%
Decreasing	31	16%
Remaining Constant	80	42%
Grand Total	190	100%

SOURCE: PRIMARY DATA

INTERPRETATION:

The figure shows that the investment trend of the respondents is either at an increasing stage or is remaining constant through recent years of investment. We can interpret that, an increase in investment can be influenced by the increase in income, savings, future needs, decrease in interest rates, attractive returns on investment, proper knowledge/awareness about the benefits of investment, etc. On the other hand, decrease in investments can be caused due to lack of knowledge, disorganised investment, psychological behaviour of the investor, decrease in income/savings, more spending/expenses, inflating rates, etc.

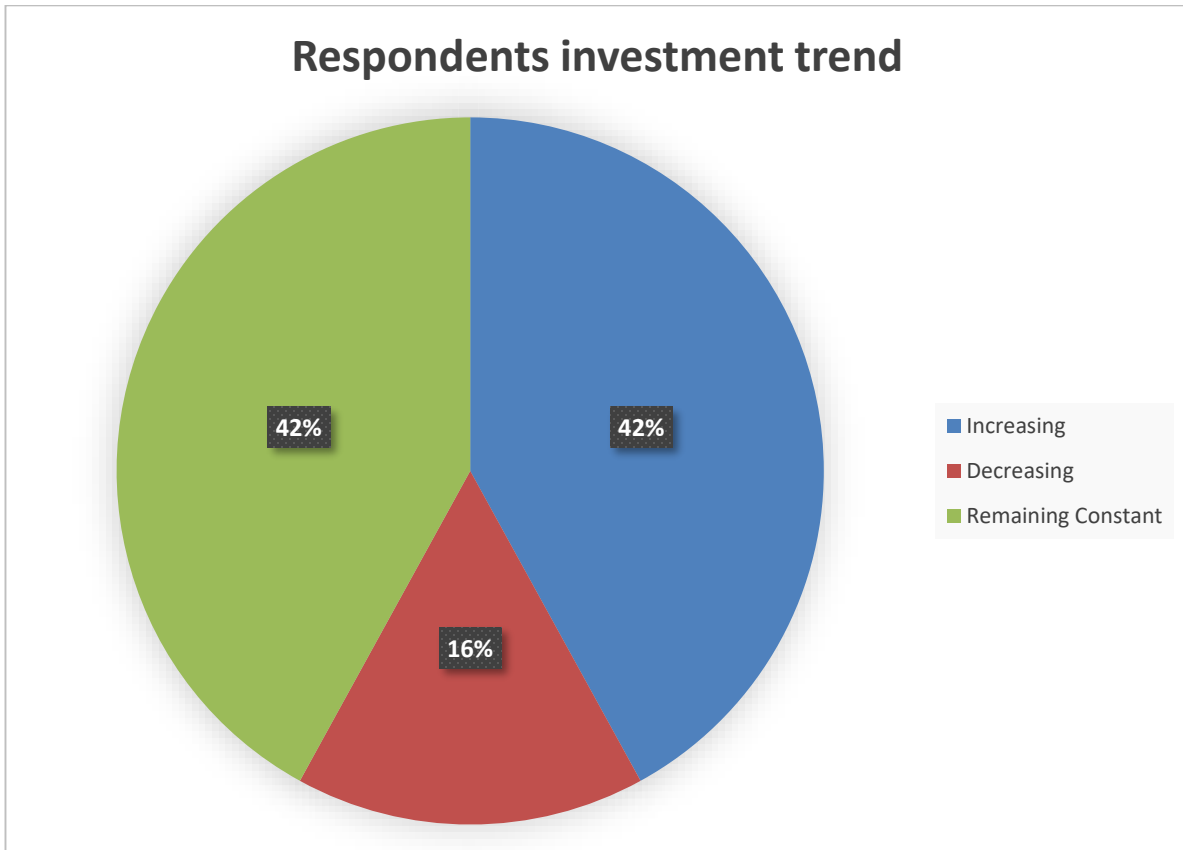


CHART NO-9 Respondents' investment trend in the recent years

TABLE NO-4.10: Time horizon of investments

Horizon of investments	No. of respondents	Percentage %
Long-term (More than 10 yrs.)	44	23%
Medium-term (More than 5 yrs.)	48	25%
Short-term (More than 1 yr)	21	11%
Very short-term (Less than 1 yr)	7	4%
As per convenience	70	37%
Total	190	100%

SOURCE: PRIMARY DATA

INTERPRETATION:

37% of the respondents prefer to invest as per their convenience.

Investment objective to a greater extent determine the investment tenure and the avenue. Different investment objectives have different investment avenues to meet them. By determining the objective we can easily determine the investment vehicle for individuals.

Time horizon of investments

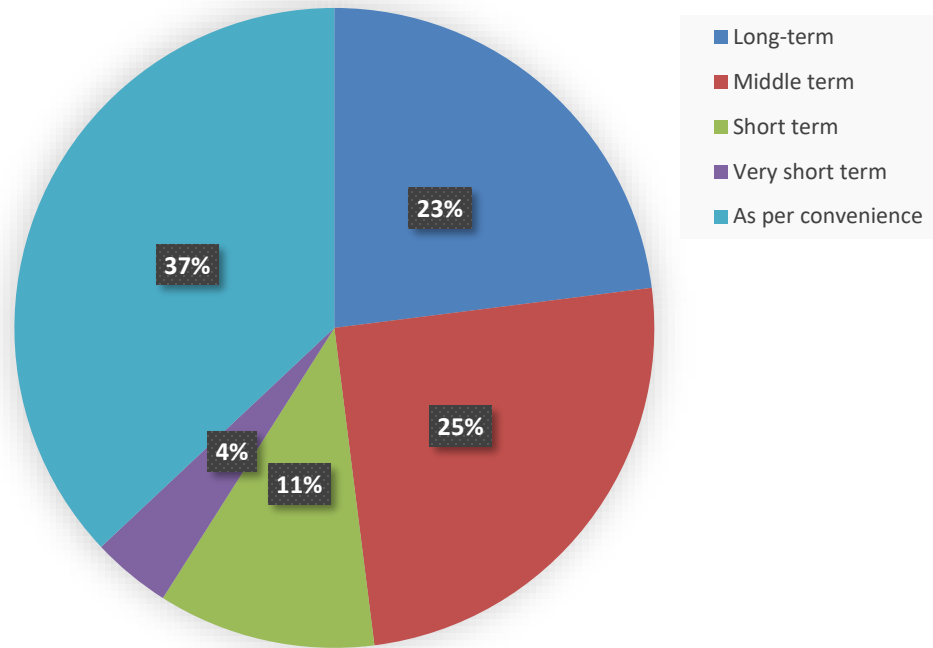


CHART NO-10 Time horizon of investments

TABLE NO-4.11: Whose advice do the respondents take while investing

Advisors	No. of respondents	Percentage %
Spouse/family members	81	43%
Friends/ colleagues	24	13%
Company Agents	0	0
Financial advisors	20	10%
Self-decision	65	34%
Grand Total	190	100%

SOURCE: PRIMARY DATA

INTERPRETATION:

Most of the investment decisions are influenced by taking the advise of spouse/family members (43%) or can be self-made decisions (34%) as well.

Investing money requires a meticulous approach and acting on a piece of advice calls for adopting an extra layer of caution. In today's world, the investor, have a plethora of investment options at their disposal. However, what's essential is to be aware of the pitfalls and seek help from seasoned professionals to maximise gains.

Respondents get information for your investment

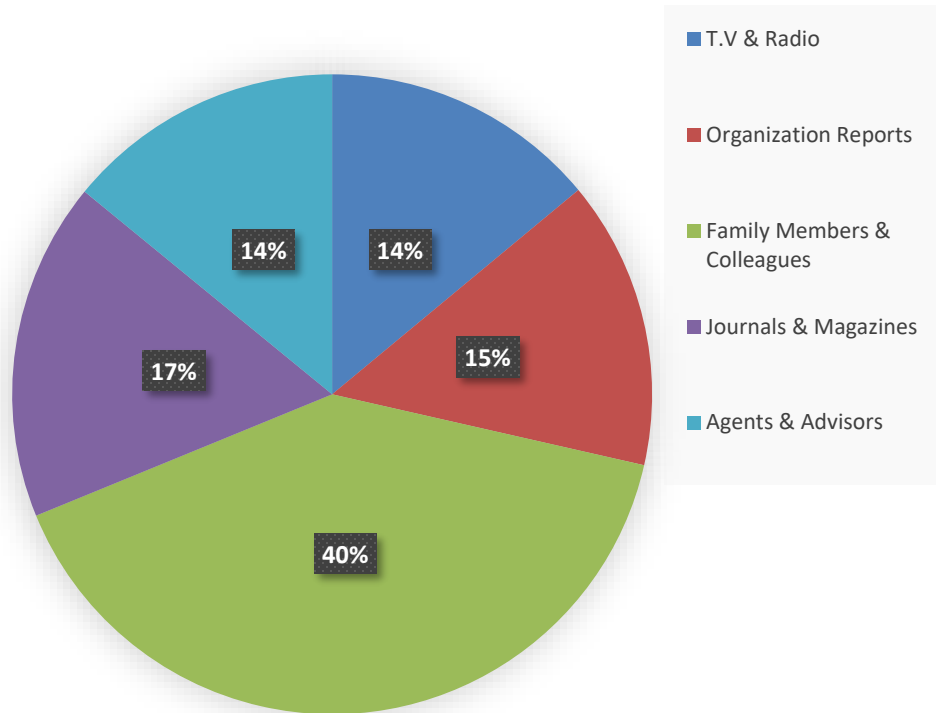


CHART NO-11 Whose advice do the respondents take while investing

TABLE NO-4.12: Where does the respondents get information for your investment

Information Sources	No. of responses for each option	Percentage %
T.V & Radio	44	23.2%
Organization Reports	46	24.2%
Family Member s & Colleagues	127	66.8%
Journals & Magazines	54	28.4%
Agents & Advisors	45	23.37%
Total		100%

SOURCE: PRIMARY DATA

INTERPRETATION:

Most of the salaried employees, (i.e. 66.8%) get information from their family members and colleagues about the benefits investment. We get information about investment at the grass- root level, i.e. the People. Its only after the people invest their money, getting higher returns, that we know for sure that, that particular investment will yield rich returns. Although financial companies try their best in advertising their investment products through T.V., radio, journals, magazines, etc

Respondents get information for your investment

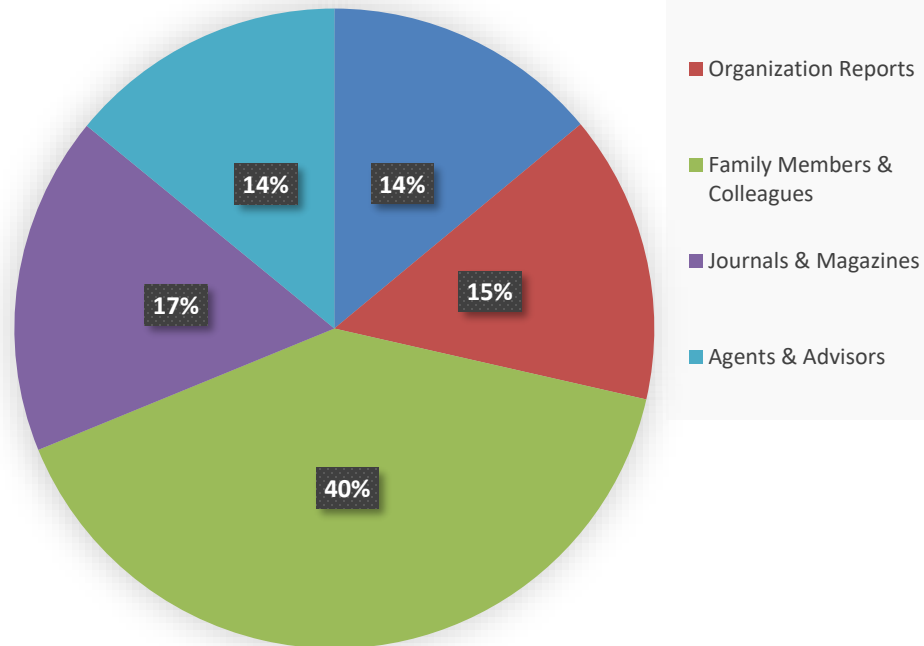


CHART NO-12 Where does the respondents get information for your investment

TABLE NO-4.13: Initiatives recommended by the respondents to create awareness among salaried employees about investment

Recommendations to create awareness about investment	No. of responses for each option	Percentage %
Training programmes	88	46.3%
Workshops & seminars	109	57.4%
Social welfare programmes	51	26.8%
Advertisements	57	30%
Investors' meets	80	26.3%
Total		100%

SOURCE: PRIMARY DATA

INTERPRETATION:

From the figure shown above, we can interpret that workshops and seminars as well as training programmes are amongst the good initiatives for creating awareness about investments among the salaried employees. As these options help to provide proper information and practical knowledge to the audience. The traditional method i.e. advertisements are also commonly used to create awareness but this option is not as much in the trend as the above two options.

Initiatives recommended by the respondents to create awareness

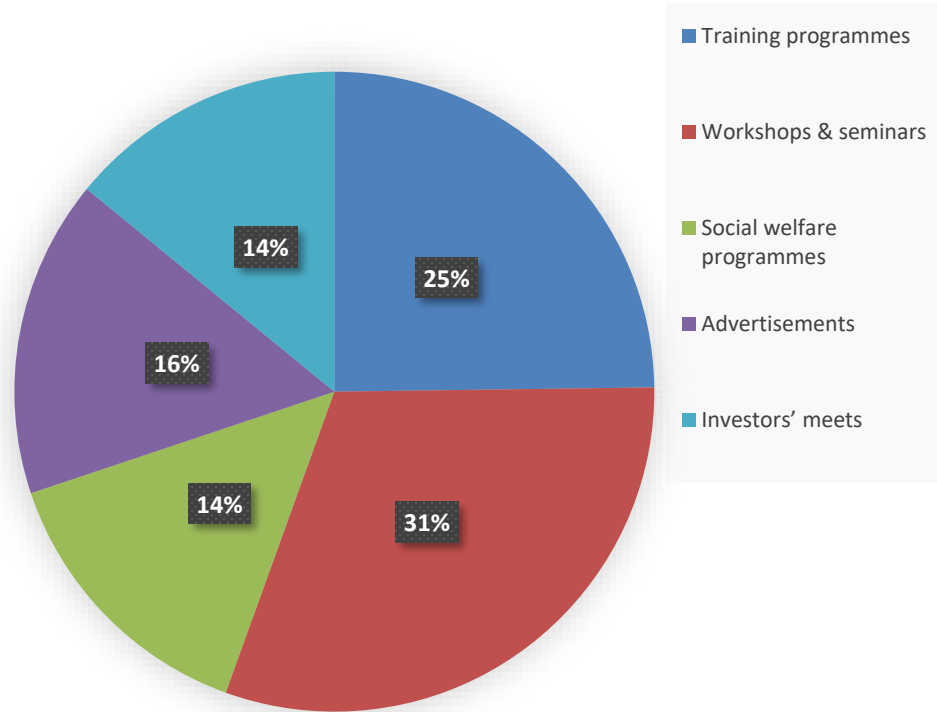


CHART NO-13 Initiatives recommended by the respondents to create awareness among salaried employees about investment

TABLE NO-4.14 Respondents' awareness of tax saving instruments

Awareness of tax saving instruments	Fully Aware	Just Aware	Not Aware	Incorrect responses	No Response	Total respondents
Life Insurance	114	60	10	4	2	190
Health Insurance	114	59	15	1	1	190
ULIPs	34	37	113	2	4	190
NPS	62	74	50	1	3	190
ELSS	38	58	90	0	4	190
PPF	111	48	25	5	1	190

SOURCE: PRIMARY DATA

INTERPRETATION:

Insurance policies like mostly life insurance and health insurance as well as PPF seems to be the most popular, as most of the respondents are fully aware about these investment instruments. Whereas, on the contrary, ULIPs, NPS, ELSS and NSC are the least popular tax-saving investment options as there seems to be lack of awareness about these options amongst the salaried employees.

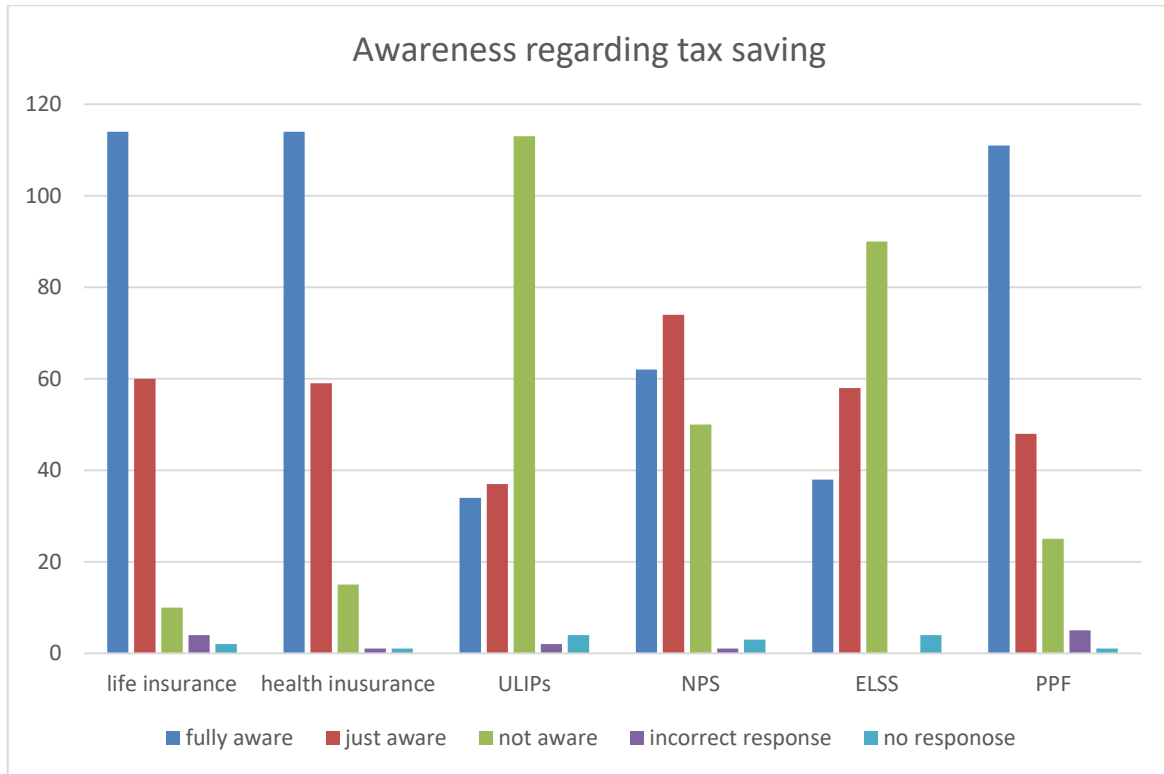


CHART NO-14 Respondents' awareness of tax saving instruments

TABLE NO-4.15: The type of investment plan does the respondents prefer in future

Future investment plan preference	No. of responses of each respondent	Percentage %
Regular return plan	92	48.4%
Pension plan	74	38.9%
Medical plan	56	29.5%
Specific purpose plan	35	20%
Total	190	100%

SOURCE: PRIMARY DATA

INTERPRETATION:

From the above figure, we can conclude that most of the respondents prefer a regular return plan for future investment, as their main motive for investing might be to get a good return on investment as they continuously invest. Around 48% people show interest in this type of plan. The second most investment plan preferred by the respondents are pension plan and multiple option plan with 38.9% of the preference. Medical plan and specific purpose plan are amongst the least preferred plans for investment, with 29.5% and 20% respectively.

Type of investment plan does the respondents

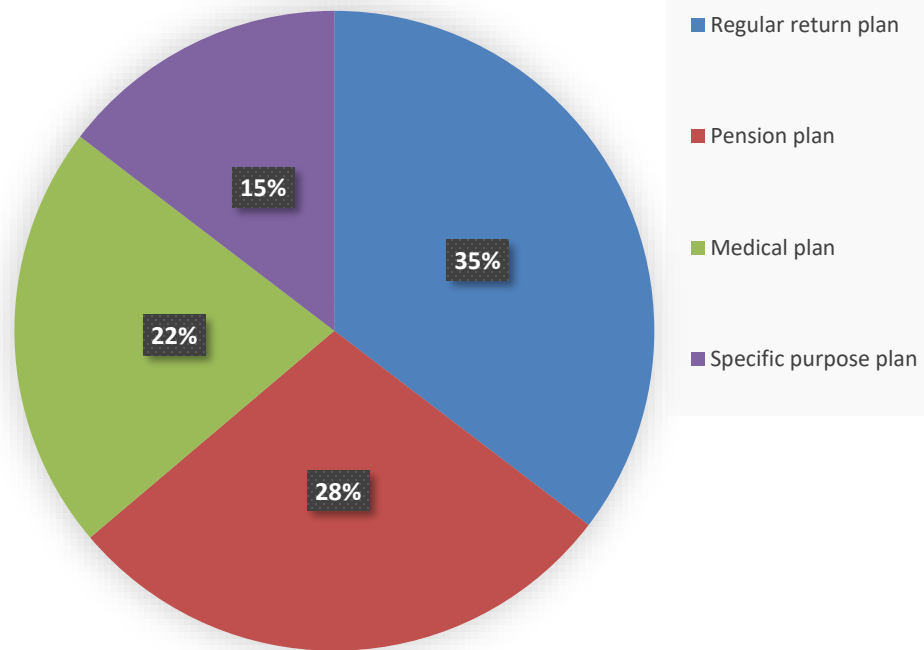


CHART NO-15 The type of investment plan does the respondents prefer in future

TABLE NO-4.16: Frequency Analysis for Repay Loans of the respondents

S.NO	REPAY LOANS	FREQUENCY	PERCENTAGE
1	Nil	24	12.6
2	Less than 20%	70	36.8
3	Between 20% to 35 %	75	39.5
4	Between 35% to 50%	17	8.9
5	Over 50%	4	2.2
Total		190	100

SOURCE: PRIMARY DATA

INTERPRETATION:

Table indicates Repay loans in Nference Monthly salary 11.3% of respondents are Nil not taken loan, 39.4% of respondents are Less than 20%, 38.5% of respondents are Between 20% to 35%, 7.7% of respondents are Between 35% to 50%, 3.2% respondents are Over 50%. Therefore 87 respondents are majority of repay loans less than 20% and over 7 respondents are low respectively.

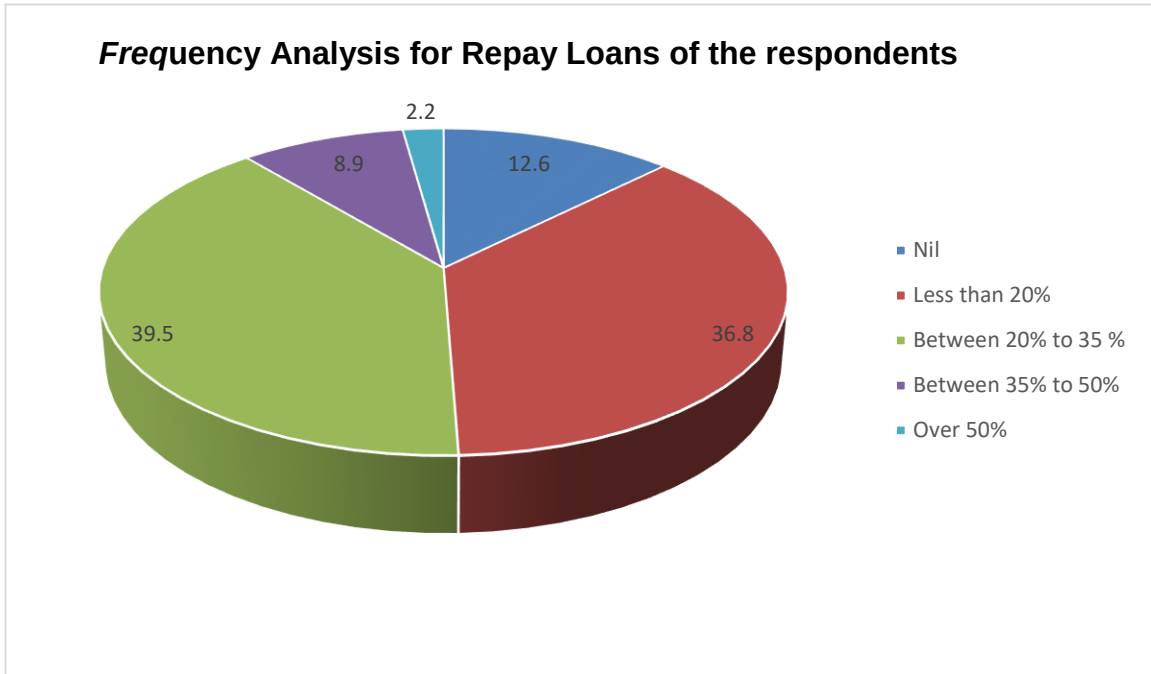


CHART NO-16 Frequency Analysis for Repay Loans of the respondents

TABLE NO-4.17: Frequency Analysis for Tax planning of the respondents

S.NO	TAX PLANNING	FREQUENCY	PERCENTAGE
1	Yes	90	47.4
2	No	100	52.6
TOTAL		190	100

SOURCE: PRIMARY DATA

INTERPRETATION:

Table indicates tax planning at the beginning of every year, 47.4% respondents marked as yes they are tax planners at the beginning year, 52.6% respondents marked as No they are not tax planners at the beginning of every year. Therefore majority of 100 respondents are not planning the tax beginning of every year.

Frequency Analysis for Tax planning of the respondents

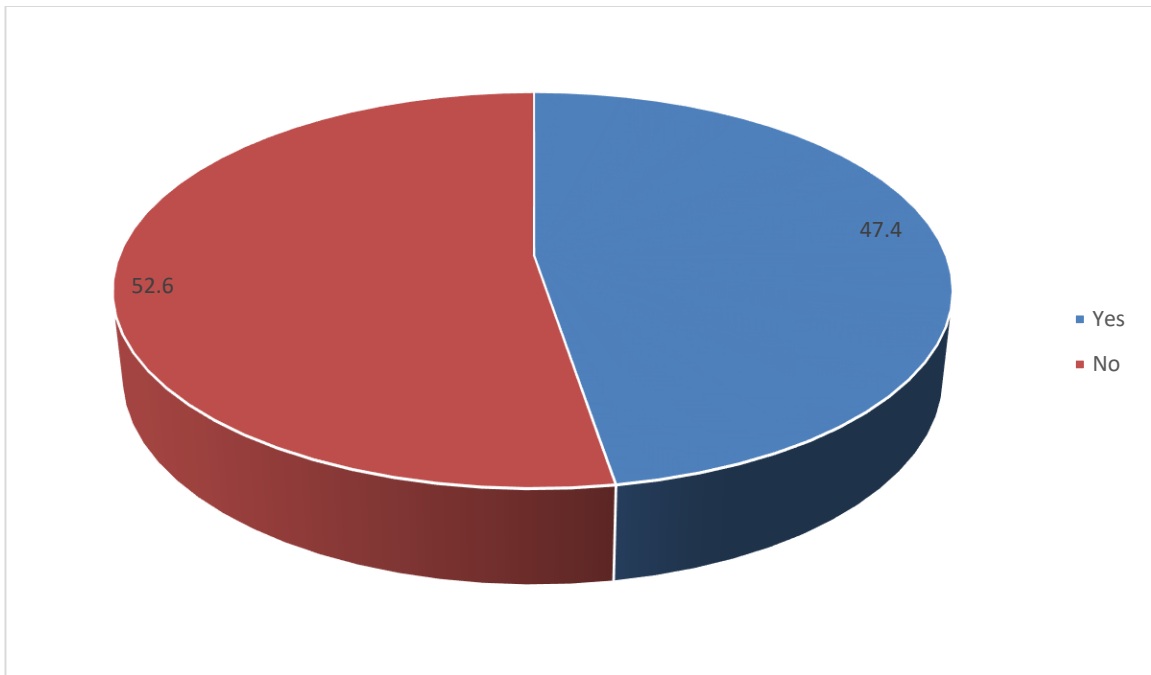


CHART NO-17 Frequency Analysis for Tax planning of the respondents

TABLE NO-4.18: Frequency Analysis for Emergency Fund of the respondents

S.NO	EMERGENCY FUND	FREQUENCY	PERCENTAGE
1	No, I do not have an emergency fund.	66	34.8
2	I have an emergency fund, but it's less than six months' after-tax income.	81	42.6
3	Yes, I have an adequate emergency fund.	43	22.6
TOTAL		190	100

SOURCE: PRIMARY DATA

INTERPRETATION:

Table indicates emergency fund, 43.6% of respondents do not have an emergency fund, 36.8% of respondents have an emergency fund. Therefore 96 respondents majority do not have an emergency fund respectively.

Frequency Analysis for Emergency Fund of the respondents

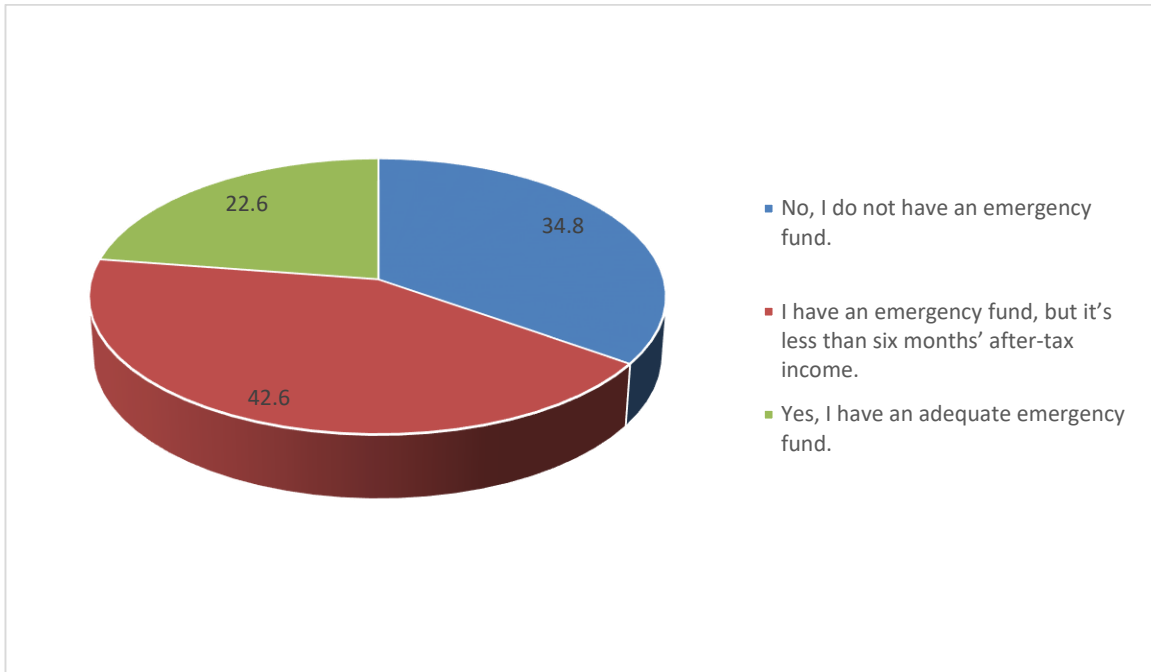


CHART NO-18 Frequency Analysis for Emergency Fund of the respondents

CHAPTER-5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS:

- The study reveals that majority (66%) of the respondents were from the age group of 20-30 years and most of them were from the male category (61%).
- From the annual income, it is found the middle-class as well as the upper middle-class working employees were the target respondents. The respondents were mostly doctors/ engineers.
- Most of the respondents save less than Rs. 25,000 annually from their annual salaries.
- The motivators for saving for most of the respondents is to meet a specific purpose.
- According to the results, an increase in salary or additional income/increments will help an individual to increase the size of their savings.
- Gold is found to be the most preferred choice for investment, whereas other investment preferences include Govt. Securities i.e., PF, GPF/PPF, bank deposits, mutual funds and fixed deposits.
- The investments trend amongst the respondents is either increasing or decreasing, on the other hand a few respondents' investment is remaining constant.
- Majority of the salaried employees' do not have a specified time horizon behind their investment decision as they prefer to invest as and when it is convenient for them. On the other hand, most of them invest for medium term as well as long term.
- Most of the salaried employees take the advice of their spouse/family members, as they can be said to be the most trusted individuals. The respondents have also taken their own decisions for making their own decisions.
- From the study, it is found that conducting workshops and seminars is a good initiative to create awareness amongst salaried individuals about the importance of investments.

- The study has also revealed that most of the salaried employees are not aware about the benefits of tax saving investments like ULIPs, NPS and NSC. Life insurance, health insurance as well as PPF are the popular investment options.
- Most of the respondents prefer a regular return plan as a choice for their future. Other preferences include pension plan, multiple option plan and medical plan.

5.2 SUGGESTIONS:

- Financial planning for salaried employee is not just a driven process; it is actually a basic need for every individual and his/her family. It is a complete cycle starting from monthly budget to retirement planning. The process comprises Budgeting, Insurance, Goal-Based Investments, Getting out of Debt, and Retirement. If you miss any of these steps, the cycle will be incomplete.
- Identify what you needs, wants and savings.
- Equity – Linked Savings schemes, Long – Term Capital Gains from Sale of Long – Term Assets, Agricultural Income, Public Provident Fund, Educational loans, Educational scholars, Voluntary donations, Home loans, Interest Income on Savings Account, HUF Receipts, Unit-Linked Insurance Plan these are all some of the tax savings strategies for salaried employees.
- Important note: Not all tax savers are the same in terms of asset – class, so one should choose to use the instrument that best suits their individual needs. The safety, Liquidity and returns of the tax savings instrument should be taken consideration. No financial decisions should be made based on the returns to be gained. Your goal is not only to save on taxes, but also to achieve different goals you have set for yourself. Hence, one should always have clear-cut objectives and should link their tax instruments to the desired goal.

5.3 CONCLUSION:

Tax-saving is only a smart part of a broad category called financial planning. There is more to a financial plan than what meets the eye. For a financial plan to be successful, it should have a proper investment plan that saves taxes.

Irrespective of the plan you choose, few things remain constant. They are:

- Having well-structured short-term and long-term financial goals at every stage of your lives
- Starting to save as early as you can, so that it gives you a long window to stay invested and reap good returns
- Cutting down unnecessary expenses and saving for a better future
- Putting aside at least 10 to 15% of savings every month towards financial or investment plans, to be used at a time when it is needed the most
- Talking to a professional in case of any queries or ambiguity

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APPENDIX-1(QUESTIONNAIRE)

1. Name
2. Gender

- male
- Female
- Prefer not to say

3. Age

- 20-25
- 26-35
- 36-45
- above 45

- 4.What is your annual income yearly
- Up to Rs. 2 lakh

Rs. 2-3 lakh

Rs. 3-4 lakh

Rs. 4-5 lakh

Above Rs. 5 lakh

- 5.Occupational status of the respondents

Teachers/Lecturers

Doctors /Engineers

Officers

Clerks /others

6. Annual savings of the respondents

Less than Rs.
25,000
Rs. 25,000-50,000
Rs.50,000-75,000
Rs.75,000-1,00,000
More than Rs.
1,00,000

7. The motivators of savings of the respondents

To meet specific purpose
To earn income
To meet contingent
expenses
To get tax benefits
To be secured at old age

8. Factors considered by the respondents for increasing the size of savings

Increase in salary
Additional
income/increments
Future needs
Tax benefits
Statutory requirements

Bank Deposits 9. Investment preferences of the respondents
Mutual Funds
Fixed deposits
Insurance Policies
Govt. Securities
i.e.,
PF, GPF/PPF
Post Office deposits
Equity Market
Gold

10. Respondents' investment trend in the recent years

Increasing
Decreasing
Remaining Constant

11. Time horizon of investments

Long-term (More than
10
yrs.)
Medium-term (More than
5 yrs.)
Short-term (More than 1 yr)
Very short-term (Less than
1
yr)
As per convenience

12. Whose advice do the respondents take while investing

Spouse/family
members
Friends/ colleagues
Company Agents

Financial advisors

Self-decision

13. Where do the respondents get information for your investment

T.V & Radio

Organization Reports

Family Members &
Colleagues

Journals & Magazines

Agents & Advisors

14. Initiatives recommended by the respondents to create awareness among salaried employees about investment.

Training programmes

Workshops & seminars

Social welfare programmes

Advertisements

Investors' meets

15. Respondents' awareness of tax saving instruments

Regular return plan

Pension plan

Medical plan

Specific purpose
plan

16. Frequency Analysis for Repay Loans of the respondents

Nil

Less than 20%

Between 20% to 35
%

Between 35% to
50%

Over 50%

17. Frequency Analysis for Tax planning of the respondents

Yes

No

18. Frequency Analysis for Emergency Fund of the respondents

No, I do not have
an emergency
fund.

I have an
emergency fund,
but it's less than six
months' after-tax
income.

Yes, I have an
adequate
emergency fund.