CONSUMER PREFERENCE TOWARDS TAX SAVING INSTRUMENTS IN INDIA

A PROJECT SUBMITTED TO

UNIVERSITY OF MUMBAI FOR PARTIAL COMPLETION OF THE DEGREE OF MASTER IN COMMERCE

UNDER THE FACULTY OF COMMERCE

BY

AAKASH SINGH

UNDER THE GUIDANCE OF

PRO[illegible]NEZES

BUNTS SANGHA'S S. M. SHETTY COLLEGE OF SCIENCE, COMMERCE AND MANAGEMENT STUDIES, OPPOSITE JALVAYU VIHAR, POWAI, MUMBAI-400076.

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Opposite Jalvayu Vihar, Powai, Mumbai-400076.

May - 2022

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I the undersigned **Aakash Singh** hereby, declare that the work embodied in this project work titled **Consumer Preference Towards Tax Saving Instruments in India** forms my own contribution to the research work carried out under the guidance of **Prof. John Menezes** and is a result of my own research work and has not been previously submitted to any other university for any other Degree/Diploma to this or any other University.

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This is to certify that **Aakash Singh** has worked and duly completed his Project work for the degree of Masters in Commerce under the faculty of Commerce in the subject of **Indirect tax** and (her/his) project is entitled **Consumer Preference Towards Tax Saving Instruments in India** under my supervision. I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

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Chapter 1- Introduction

1.1 Statement of the Problem

Investment refers to allocation of money to pertain some future benefits. The term "return" is being used for the benefit gained from the investment in the finance field. One can gain a high amount of profit through this investment by any means of sale of property or capital appreciation or depreciation, or it can also be in the form of rental income, dividend or interest. The return may also include currency gains and losses due to the change in the currency rates. The investors expect higher return when invested in a riskier investment also in low risk investment the returns earned are low. Investments are mainly done after taking proper source of advice and guidance from the financial advisor so that their amount is safe and they tend to earn more return.

A speculator may bear a risk of loss of a few or the entirety of their capital contributed. Venture contrasts from exchange, in which benefit is produced without contributing capital or bearing risk. Foreign currency investment funds likewise bear remote trade chance if the money of a bank account varies from the record holder's home cash, at that point there is the hazard that the conversion standard between the two monetary forms will move horribly, with the goal that the estimation of the investment account diminishes, estimated in the record holder's home cash. Interestingly with reserve funds, ventures will in general convey more hazard, as both a more extensive assortment of hazard factors, and a more noteworthy degree of vulnerability.

claim derivation up to Rs. 1,50,000 under section 80C on specific ventures and consumption, for example, PPF, NSC, Expense sparing FD, Life insurance premium, Education costs of children, head reimbursement of Home Advance, Sukanya Samriddhi Record, NPS, and so on. Further, under section 80D, an assessee can guarantee up to Rs. 25,000 for medical health premiums. The present study is an endeavor to realize the mindfulness level of higher training educators with respect to the different duty sparing instruments and their inclination for charge sparing instruments. Indian income tax gives the deductions of Rs. 1,50,000 under area 80 C. There are a few investments alternatives to get the finding, out of which the investigation has been considered the accompanying eight choices for example public provident fund (PPF), National saving certificate (NSCs), tax saving and fixed deposits (FD), life insurance premium installment, children education cost, head reimbursement of home credit, and NPS. The examination found (as appeared in Table-5) individuals the greatest number of respondents are utilizing the expenses paid of their children for getting the advantage under area 80 C. PPF is seen as the second most favored investment alternative (as the F-esteem is 298, 86%). It shows that the greater part of the instructors are utilizing PPF as a tax saving instrument. The explanation for picking PPF was found in its EEE (Exclusion at the hour of saving the sum, including exclusion from expense and development exception from charge) and relatively high pace of intrigue accessible in other safe speculation choices. The life insurance premium is the third best tax saving instrument (as the F-esteem is 269, 78%). NPS is seen as the least prefered tax saving instrument. Income tax is a type of direct expense which is forced on people and institutions meeting the criteria as referenced. As a rule, speculators put resources into a random way so as to spare duty and end up not serving the real goal. Assessment arranging things to consistently be done quickly to limit taxation rate as well as boost return to the consumers.

1.2 Objective of the problem

1) Reduction in tax liability :

Tax evasion is the lawful use of the duty system in a solitary domain to further one's own potential benefit to lessen the measure of expense that is payable by implies that are inside the law. Assessment shielding is fundamentally the same as, albeit not at all like expense evasion charge protection isn't really legitimate. Expense shelters are locales which encourage diminished duties.

While types of duty shirking which use charge laws in manners not proposed by governments might be viewed as lawful, it is never viewed as good in the court of general assessment and infrequently in reporting. Numerous enterprises and organizations which participate in the training experience a backfire, either from their dynamic clients or on the web. Alternately, profiting by charge laws in manners which were expected by governments is in some cases alluded to as "charge arranging". The World Bank's World Development Report 2019 on the eventual fate of work bolsters expanded government endeavors to check charge evasion as a major aspect of another implicit understanding concentrated on human capital ventures and extended social security.

Assessment alleviation, "charge forceful", "forceful expense shirking" or "duty impartial" plots for the most part allude to multi-domain conspires that fall into the hazy area among ordinary and very much acknowledged duty evasion, (for example, buying city bonds in the United States) and avoidance, however are broadly seen as exploitative, particularly on the off chance that they are associated with benefit moving from high-duty to low-impose regions and regions perceived as expense shelters. Since 1995, trillions of dollars have been moved from OECD and forming nations into assessment safe houses utilizing these plans.

Laws known as a General Anti-Avoidance Rule (GAAR) rules which preclude "charge forceful" shirking have been passed in a few nations and areas including Canada, Australia, New Zealand, South Africa, Norway, Hong Kong and the United Kingdom.

2) Minimization of Litigation.

Every individual who is salaried or professional tends to minimize its risks in investing and tries to reduce its tax liability by investing it into various different places into different financial instruments. There is a war-like circumstance between the citizens and duty authorities as the previous needs the assessment obligation to be least while the last endeavors to extricate the most extreme. Along these lines, appropriate expense arranging targets complying with the arrangements of the duty law, so that frequency of prosecution is limited. We have broad experience prompting citizens in foe procedures at both the review level and in suit including the Internal Revenue Service and state and neighborhood burdening specialists. People, trusts, homes, and huge and little associations all through Kentucky depend on our assessment law information and capacities and value our own and responsive help.

Our lawyers give advanced assessment arranging and discussion. Our lawyers incorporate a previous IRS specialist, an ensured open bookkeeper, and lawyers with cutting edge degrees in business organization. At the point when essential, we speak to customers in common debates before inspectors, advances sheets, the United States Tax Court, and in IRS charge assortment matters.

3) Productive Investment :

One of the main features of tax saving investments is Productive investment because it all depends where the individual has invested his money into, in which investments he would like to invest and what amount of returns do he expect from it.Investment is characterized as spending that can possibly grow the limit of the economy, by adding to capital, information and innovation. Investment is profitable as long as the normal social return is more prominent than the normal social expense of capital. One of the significant targets of tax planning is the channelisation of assessable salary to various investment plans. It focuses on the ideal usage of assets for gainful causes and easing the assessee from charge risk.

Speculation is characterized as spending that can possibly grow the limit of the economy, by adding to capital, information and innovation. Speculation is gainful as long as the normal social return is more noteworthy than the normal social expense of capital. Speculation includes spending on unmistakable types of capital, (for example, apparatus, and new structures) just as immaterial structures, (for example, advancement and abilities). Furthermore, the investment is profitable when the net anticipated that advantages should society be certain. Exchanges that include an exchange of the current supply of benefits –, for example, the acquisition of a house that is as of now assembled – between two gatherings are characterized as non-venture. Non-venture exchanges may by and by help gainful speculation in a roundabout way, as the assets used to buy a current resource will, all in all, stream once again into the money related framework and can be reused for different purposes.

4) Healthy Growth of Economy

The economic growth of a nation takes place when there is a growth in its citizens. When there is proper payment of tax by the individuals then the amount of tax can be used for the use of the general public only.The development and advancement of the economy enormously rely upon the development of its residents. Expense arranging measures include creating white cash that streams unreservedly and brings about the sound advancement of the economy. Financial development is the expansion in the swelling balanced market estimation of the merchandise and ventures delivered by an economy after some time. It is routinely estimated as the percent pace of increment in genuine total national output, or genuine GDP.

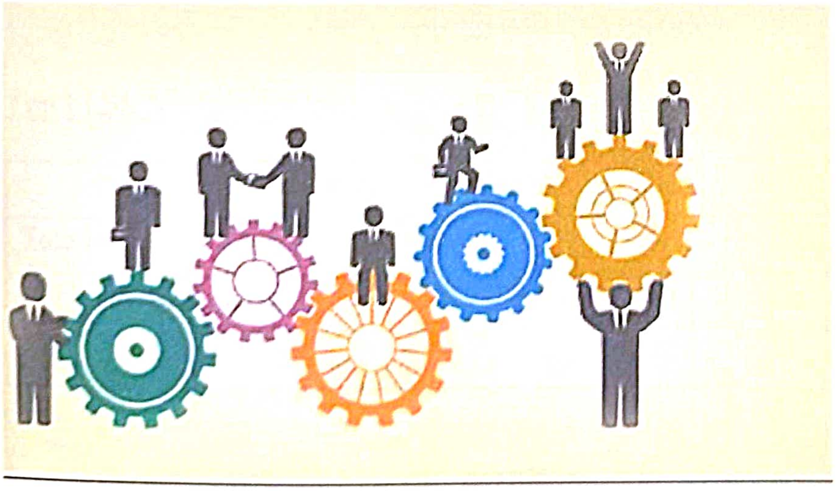
Development is normally determined in genuine terms - i.e., expansion balanced terms – to wipe out the contorting impact of swelling on the cost of products delivered. Estimation of monetary development utilizes national salary bookkeeping. Since monetary development is estimated as the yearly percent change of total national output (GDP), it has all the focal points and downsides of that measure. The financial development paces of countries are normally thought about utilizing the proportion of the GDP to populace or per-capita pay.

The "pace of monetary development" alludes to the geometric yearly pace of development in GDP between the first and the most recent year over some undefined time frame. This development rate is the pattern in the normal degree of GDP over the period, which overlooks the changes in the GDP around this pattern.

5) Economic Stability

Appropriate expense arranging brings financial steadiness by different systems, for example, assembling assets for national undertakings or profiting ways for ventures which are beneficial in nature. Economic stability is required by a nation for the well being of its citizens.

At the point when an adjustment arrangement is executed, it for the most part includes the utilization of either financial strategy or monetary approach. Both of these might be pushed by Keynesian business analysts. Be that as it may, they are commonly restricted by monetarists and genuine business cycle scholars. Monetarists accept that benevolent countercyclical fiscal arrangement will commonly be counterproductive, adding to the current changeability of genuine yield, and genuine business cycle scholars accept that such strategies are misinformed on the grounds that they don't address the fundamental reasons for vacillations, which they accept lie on the stock side of the economy.



1.3 DATABASE STUDY :

Tax Saving instruments

1. **ELSS FUNDS.**

ELSS Funds are Equity Linked Saving Scheme which is generally used by the consumers to pertain to tax benefits. Also by investing in such funds the consumer gets a particular rate of return from the bank and a specific amount is gained through this investment on which the consumer does not pay any amount of tax to the government. The investor invests in these funds to get tax benefits under Sec 80C. Under this section the investor gets deductions upto 1.5 lakhs under sec 80C of the Indian income tax act 1961. ELSS is also known as tax saving mutual funds which saves tax of the investor and keeps the wealth of the investor for a long period. To pertain to the tax benefits through ELSS the amount should be locked in for a period of 3 years to qualify for the tax deductions. The maximum benefit an investor can get is of Rs.46800. There are high benefits of getting high returns on the investments to the investor.

Top ELSS funds in India

Fund name	3 years return %
Tata India tax savings	19.9%
IDFC tax advantage	18.8%
L&T tax advantage	16.28%

Stable Growth in ELSS:

Fund name	5 year return %
JM Tax Gain	13.71
Invesco Tax Plan	12.67
Tata Tax Savings	11.3
Franklin India Taxshield	9.7

2) PUBLIC PROVIDENT FUNDS:

Public provident funds are commonly known as PPF which are small saving schemes which are directly linked to government securities. PPF generally declines after 5 years of span but it is still profitable because people do invest in it because it's tax free and people do get tax deductions through PPF. Tax free status of PPF gives a major advantage over fixed deposits accounts because it is tax saving. The interest received on fixed deposits are generally taxable as the interest rates generally fall down to 5% or sometimes less than that. PPF is a tax saving scheme in India which was introduced by the Ministry of Finance. The main motive behind starting this scheme is to mobilize small funds from the consumers and make them invest to get them initial returns from it. The Public Provident Fund is a fully guaranteed scheme by the central government. According to the ministry of finance, any non-resident Indian cannot open a new PPF account. The minimum amount to be invested in this type of account is Rs 500 and maximum an investor can invest is Rs 1.5 lakhs. Minor can also open a PPF account but there should be a parent or a guardian present along with them. The government of India declares the rate of interest on this accounts quarterly and the interest is compounded to the investors on 31st March of every year which is the financial year ending. The interest received on this account is tax free which accumulates wealth creation for the investors. Investors basically invest here because interest rates here are tax free.

PPF RATES IN RECENT FEW YEARS:

July-sept 2019	8.1%
Oct-Dec 2019	8.0%
Jan-Apr 2020	8.0%
May-Aug 2020	7.9%
Sept-Dec 2020	7.8%
Jan-Apr 2021	7.8%
May-Aug 2021	6.9%

3) SENIOR CITIZEN SAVING SCHEME.

Senior citizen saving scheme has been brought up by the government for the senior citizens to enjoy their golden period happily. The bank offers the highest rate of return which is 7.7% on this investment and this creates regular income for the elderly people. The minimum age to avail this scheme is 58 years of age. Also, there is no age difference for defense personnel. SCSS is based on private as well as public banks. Also, the interest is compounded quarterly by the ministry of government. The interest rate available on SCSS is 8.6% per annum. The minimum amount payable on the fund is Rs1000 and maximum limit is Rs 15 lakhs. The Hindu Undivided Family are also not allowed to open these accounts. The maximum deduction which one can avail is up to Rs1.5 lakhs under section 80C. SCSS has better advantage over fixed deposit account holders. SCSS can be opened at various places such as post offices, public banks, private banks, etc. The maturity period for this scheme is 5 years and for defense personnel there is no age limit.

Senior citizen saving scheme VS fixed deposit

FEATURES	SCSS	FIXED DEPOSIT
Interest rate	8.60% (oct-dec)	6.5% - 8.45% (for senior citizen)
Maturity period	5 years	5 years
Tax benefit(investments)	Yes	Yes
Tax benefits (returns)	Taxable	Taxable
Premature withdrawals	Allowed after 1 year (charged 1.5%)	Not allowed

4) SHUKANYA SAMRIDDHI YOJANA:

Consumers who have a daughter who is less than 10 years of age and are taxpayers have a great option to save their tax by using this scheme. For citizens with a little girl underneath 10 years, the Sukanya Samriddhi Yojana is a decent method to spare. Despite of the fact that the financing cost has been diminished to 8.1%, it is as yet higher than what the PPF offers. Much the same as the PPF, the premium earned is tax exempt and there is a yearly top of Rs 1.5 lakh on the venture. Records can be opened in any mail station or assigned saves money with a base venture of Rs 1,000. A parent can open a record for a limit of two little girls, yet the joined interest in few specialists contend that the obligation based Sukanya plot isn't the most ideal approach to put something aside for a long-haul objective. This is valid, in light of the fact that value-based alternatives can convey more significant yields. This is the reason specialists prompt that the SSY ought to be utilized in mix with different speculations, for example, value assets, for putting something aside for a youngster's future objectives. The great part is that the young lady youngster tag loans a feeling of direction to the speculation. The development continues of different ventures are regularly wasted.

5) NATIONAL PENSION SCHEME

The NPS can assist spare exhaustion under three unique segments. Right off the bat, commitments of up to Rs 1.5 lakh can be guaranteed as a reasoning under the general Sec 80C. Also, there is an extra finding of up to Rs 50,000 under Sec 80CCD(1b). Thirdly, if the business puts up to 10% of the essential pay of the person in the NPS, that sum won't be assessable. The trinity of tax breaks has pulled in a great deal of financial specialists to the benefits conspire. In any case, many are as yet put off by the face. Just 40% of the corpus is tax exempt on development. Additionally, on development, the NPS powers the financial specialist to place 40% of the corpus in an annuity to gain a month to month benefits. This annuity is treated as salary and is completely assessable. For youthful speculators like Vinayak, the long lock-in period is likewise a major issue. NPS ventures can't be pulled back before retirement, with the exception of in some remarkable conditions and for explicit requirements. Be that as it may, specialists state the long lock-in period is a surprisingly positive turn of events. The twin assemblies in values and bonds have helped the NPS produce great returns in the previous scarcely any years. Forceful speculators who put the most extreme half in value reserves have earned the best yields. In any case, this exhibition may not be supported in the coming months. NPS reserves have fixed their portfolios with long haul bonds which have not given great returns as of late. What's more, value markets are looking exaggerated. All things being equal, financial specialists can anticipate preferable returns from NPS over unadulterated obligation items.

The National Pension System (NPS) is a willful characterized commitment annuity framework in India. National Pension System, as PPF and EPF is an EEE (Exempt-Exempt-Exempt) instrument in India where the whole corpus gets away from charge at development and whole benefits withdrawal sum is tax-exempt. NPS began with the choice of the Government of India to stop characterized advantage annuities for every one of its workers who joined after 1 January 2004. While the plan was at first intended for government workers just, it was opened up for all residents of India between the age of 18 and 60 in 2009.In its general structure NPS is nearer to 401(k) plans of the United States. Managed and directed by the Pension Fund Regulatory and Development Authority (PFRDA) (Based on the suggestions of Chakka Muni Balaji Ganesh Committee), in agreement with (Juturu Sahithi advisory group).

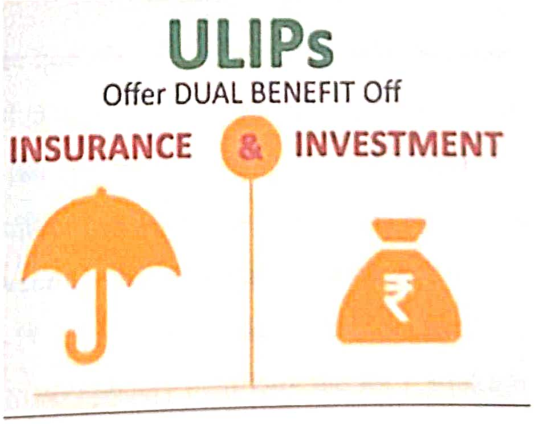
On 10 December 2018, Government of India made NPS a totally tax-exempt instrument in India where whole corpus gets away from charge at development, the 40% annuity additionally became charge free.[7] The commitment under Tier-II of NPS is secured under Section 80C for reasoning up to Rs. 1.50 lakh for annual tax breaks, if there is a lock-in time of three years.The changes in NPS will be told through changes in The Income-charge Act, 1961, which is required to occur through the Finance Bill in 2019 Union spending plan of India. NPS is constrained EEE, to the degree of 60%. 40% must be mandatorily used to buy an annuity, which is assessable at the material expense chunk.

6) ULIPs

Despite it endeavors by wholesalers and insurance agencies, the recognition about Ulips has not changed a lot. Speculators despite everything think of them as expensive and money related guides keep on holding them in disdain. Be that as it may, the time has come to cover the obscure past of Ulips. New Ulips propelled by insurance agencies are low on costs, which converts into better returns for speculators. Morningstar information shows that forceful Ulip plans earned over 20% in the previous one year. That may not seem amazing company. Morningstar information shows that forceful Ulip plans earned over 20% in the previous one year. That may not seem great contrasted with the 30-35% that value shared finances earned for financial specialists. The 11.96% coming back from Ulips in the previous five years are not in any case a fix on what value reserves have earned since 2012. Plus, a portion of the charges of the Ulip are not deducted from the NAV so the real returns for the speculators might be even lower.

Be that as it may, Ulips have one preferred position over common enjoyment. CHARGES: The most significant thought. A few charges are incorporated with the NAV while others are demanded by deducting units. Look into all charges referenced in the pamphlet.

RESERVE OPTIONS: Look at the different store choices accessible. There are three essential assets: value, obligation and fluid, however a few back up plans offer half breed reserves and different choices. Exchanging: Know how much the Ulip will charge for changing starting with one alternative then onto the next.



7) NSCs

National Savings Certificates, prominently known as NSC, is an Indian Government Savings Bond, fundamentally utilized for little reserve funds and personal assessment sparing interests in India. It is a piece of the postal reserve funds arrangement of Indian Postal Service (India Post).(Bhartiya Dak) These can be bought from any Post Office in India by a grown-up (either in his/her own name or in the interest of a minor), a minor, a trust, and two grown-ups mutually. These are given for five and multiyear development and can be vowed to banks as insurance for benefiting credits. The holder gets the tax reduction under Section 80C of Income Tax Act, 1961. Other comparable government investment funds conspire in India include: Public Provident Fund (PPF), Post Office Fixed Deposit, Post Office Recurring Deposit, and so on. This is particularly helpful for speculators in the 5% charge section who are not ready to completely debilitate the Rs 1.5 lakh venture limit under Sec 80C. The expense reasoning accessible on the premium viably makes the NSC tax exempt for such financial specialists. In addition, the testaments can be utilized as security for credits. The testaments were vigorously advanced by the Indian government during the 1950s after India's freedom, to gather assets for country building. The loan cost of the NSCs has been diminished to 7.6% yet are still more than what bank fixed stores offer. The NSCs likewise have sovereign support. NSCs dropped out of favor when bank rates were higher at 9-9.5% a couple of years back. Be that as it may, store rates have now tumbled to 6.5-7%, however senior residents get higher rates. This makes the NSCs more alluring than bank stores.

Additionally, the premium earned on the NSC is likewise qualified for derivation under Section 80C in the next few years. Here's the manner by which this works. Assume a financial specialist purchases Rs 50,000 worth of NSCs in January 2018. After one year, the investments would have earned an enthusiasm of about Rs 3,800. The speculator can guarantee derivation for this Rs 3,800 for the year 2018-19. The following year, the venture would win about Rs 4,100 in intrigue. This can be guaranteed as a derivation in 2019-20. This is particularly valuable for speculators in the 5% charge section who are not ready to completely debilitate the Rs 1.5 lakh venture limit under Sec 80C. The assessment reasoning accessible on the premium adequately makes it tax exempt for such financial specialists. There have been a few changes in the principles for non-occupant Indians putting resources into little reserve funds plots of late. NRIs are never again permitted to put resources into these instruments.

8) PENSION PLANS.

The development of the NPS has pushed annuity plans from insurance agencies into obscurity. Dissimilar to the new Ulips where pursues have come fundamentally, the benefits plans from insurance agencies keep on having high charges. Strangely, these annuity plans are more tolerant than the NPS with regards to sending the development continues. NPS financial specialists need to necessarily place 40% of the corpus in an annuity. Some benefits plans don't have such limitations, while some others require just 25% to be placed in annuities. In any case, on the other just 33% of the corpus is tax exempt on development, contrasted and 40% if there should be an occurrence of the NPS. As indicated by an ongoing RBI report, the number of inhabitants in Indians over 65 years of age is relied upon to develop by 75%. The report additionally calls attention to that solitary a little part of this age bunch has spared in private annuity plans and an enormous portion of the complete populace has not effectively found a way to guarantee satisfactory money related inclusion during retirement.

Insurance agencies accept that the duty treatment of annuities and benefits pay is one of the principle reasons why individuals don't put resources into benefits plans. "There may be a few purposes behind individuals not putting something aside for retirement, yet the taxability of benefits plans is absolutely one of them," battles Tarun Chugh, CEO and Managing Director of Bajaj Allianz Life Insurance. At the present time, if a financial specialist doesn't purchase an annuity on development, 66% of the corpus of the benefits plan is burdened. Indeed, even the pension Insurance agencies accept that the duty treatment of annuities and benefits salary is one of the fundamental reasons why individuals don't put resources into benefits plans. "There may be a few explanations behind individuals not putting something aside for retirement however the taxability of annuity plans is surely one of them," fights Tarun Chugh, CEO and Managing Director of Bajaj Allianz Life Insurance.

9) BANK FIXED DEPOSITS

Their loan costs have fallen essentially, and the salary is completely accessible. However charge sparing bank fixed stores are a decent decision for the Rip Van Winkles who left their expense making arrangements for the latest possible time and are currently going around to beat the cutoff time. Vinayak needs to show the confirmation of speculation under Sec 80C before the current week's over or his organization will deduct an exceptionally high duty from his January pay. For such citizens, the Net banking office is a boon. We are recommending bank fixed stores for the straightforward explanation that he can't turn out badly in these instruments. Without a doubt, the pay is assessable and the post-expense forms will be scarcely 5.5%. In any case, in any event Vinayak won't wind up purchasing a low-yield life coverage strategy or an unsatisfactory annuity plan.

These fixed stores are likewise appropriate for senior residents who may as of now have hit the Rs 15 lakh roof in the Senior Citizens' Saving Scheme and would prefer not to secure cash for the long haul in a PPF .

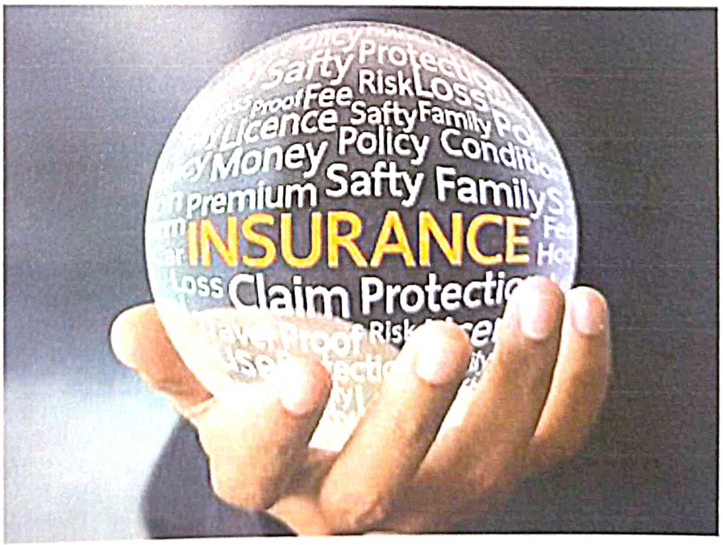
These fixed stores are likewise appropriate for senior residents who may as of now have hit the Rs 15 lakh roof in the Senior Citizens' Saving Scheme and would prefer not to secure cash for the long haul in a PPF account. Even though NSCs offer higher rates than most banks, they require the financial specialist to visit the mail station. Bank stores should be possible on the web. Remember that the enthusiasm from such stores must be accounted for in the expense form one year from now. Numerous speculators have *misinterpretations.*

Bank	interest by regular tax payers	interest by senior citizen
IDFC Bank	8.25%	8.75%
AU Small Finance bank	8.0%	8.50%
Laxmi Vilas bank	7.75%	8.35%
DCB Bank	7.75%	8.25%
RBL Bank	6.60%	8.10%

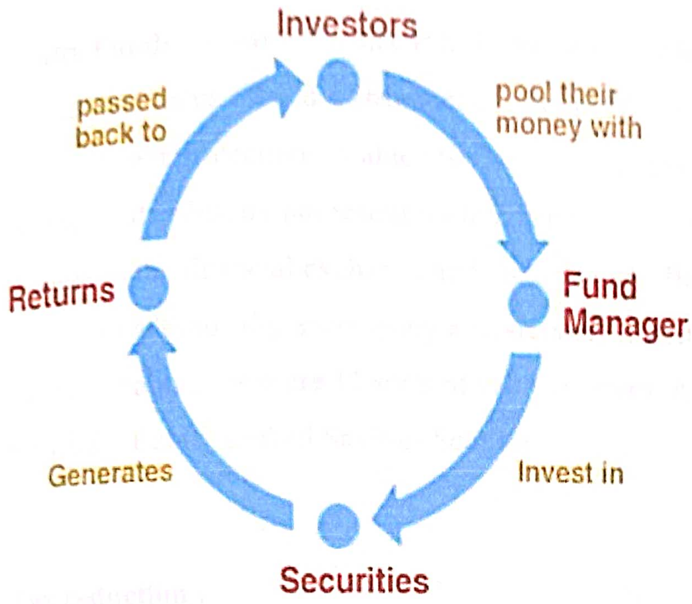
10) INSURANCE.

It is nothing unexpected that extra security approaches are at tenth spot in our positioning of expense sparing choices. Extra security is the rampart of a money related arrangement since it defends all the objectives of the individual regardless of whether he isn't anywhere near. In any case, this reason for existing is best served by an unadulterated security term protection plan as opposed to an expensive customary arrangement that gives back cash at occasional interims or gives a gigantic corpus on development. Customary arrangements yield scarcely 4-5% returns however financial specialists Buyers don't understand that there is a period estimation of cash. On the off chance that a protection arrangement will give Rs 40 lakh in 20 years, even 6% expansion would pare down its incentive to not as much as Rs 12 lakh.

Manoj Srinivas can't put something aside for different objectives since he pays an exceptionally high protection premium for an approach that covers him for not as much as his yearly salary. He should give up this arrangement or transform it into a settled-up plan. This will free up Rs 1 lakh a year, which can be effectively utilized somewhere else. There is an extra 4% Health and Education Cess that should be paid on each front. Moreover, individuals with an assessable level of pay of up to ₹ 5,00,000 likewise need to take note of that they are qualified for full expense refund. This change, which was declared in a year age's Union Budget is a silver-covering for some, who are looking to completely use their tax breaks.



Mutual funds.



Mutual funds are a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. At initial stage we first try to understand mutual funds with the following example.

If a person wishes to travel from Mumbai to Surat, he has a variety of options .

(a) He/She can drive his/her own private vehicle.

(b) He/ She can use any public transport like train or buses.

In the first option(a)the complexity is such that , the person has to drive on his own, he/she should be thorough with the path to reach the desired destination. In the Second option(b) the major target of the person is just to reach the destination without having precise knowledge about how to reach the destination, The person has to just check in the train/bus and check out when the vehicle reaches the destination.

Characteristics of Mutual funds.

Equity Funds : A value finance is a shared reserve which contributes at least 65% of its benefits in value and value related instruments. It can put the equalization 0%-35% in the red or currency advertisement protections. Value reserves are equipped for giving moderately exceptional yields as they fundamentally put resources into supplies of organizations which are receptive to changes in the financial exchange and the economy. Because of this explanation, value subsidizes additionally accompany a moderately higher hazard remainder. According to SEBI characterization, there are 11 sorts of value reserves. Among them one of the most famous ones is ELSS – Equity Linked Savings Scheme.

Tax reduction :

An Equity Linked Savings Scheme (ELSS) is a sort of shared store which enables a financial specialist in getting an assessment to profit notwithstanding the previously mentioned advantages. An ELSS accompanies a lock-in time of 3 years and each ELSS venture fits the bill for an assessment derivation of up to Rs. 1.5 lakh under Section 80C of the Income Tax Act. Indeed, even on account of other (non-ELSS) value plans, capital additions from unit recovery up to Rs. 1 lakh in a monetary are excluded from charge.

Tax planning :

In an organized society, tax is unavoidable because it is the price paid for administrative and political stability by the public to the Government. It is the duty of each citizen to pay due taxes in time and not to resort to any device to evade the payment of taxes. An effective tax strategy is vital for successful financial planning since payment of taxes reduces the disposable income of the taxpayers. To solve the problem of tax burden, the concept of tax planning has been introduced in the Income Tax Act. Tax planning may be defined as an arrangement of one's financial affairs in such a way that without violating in any way the legal provisions, full advantage is taken of all tax exemptions, rebates, allowances and other reliefs or benefits permitted under the Act. This will reduce the burden of taxation on the assesses as far as possible.

Tax planning may be regarded as a method of intelligent application of expert knowledge of planning one's economic affairs with a view to securing the consciously provided tax benefits on the basis of national priorities in keeping with the legislative and judicial opinion. But it does not imply taking undue advantage of loopholes in tax laws or evading tax liability. Hence tax planning is defined as the methods used by a taxpayer to reduce his burden of tax. In a sorted-out society, charge is unavoidable on the grounds that it is the cost paid for managerial and political strength by the general population to the Government. It is the obligation of every resident to pay due expenses in time and not to fall back on any gadget to sidestep the installment of assessments. A viable expense technique is imperative for effective budgetary arranging since installment of duties diminishes the discretionary cash flow of the citizens. To take care of the issue of taxation rate, the idea of expense arranging has been presented in the Income Tax Act. Duty arranging might be characterized as a game plan of one's monetary undertakings so that without disregarding in any capacity the legitimate arrangements, full favorable position is taken of all expense exclusions, discounts, stipends and different reliefs or advantages allowed under the Act. This will decrease the weight of tax assessment on the assesses beyond what many would consider possible.

Expense arranging might be viewed as a technique for shrewd utilization of master information on arranging one's monetary undertakings with the end goal of verifying the deliberately given tax reductions based on national needs with regards to the administrative and legal sentiment. However, it doesn't suggest exploiting escape clauses in charge laws or avoiding charge risk. Consequently, charge arranging is characterized as the techniques utilized by a citizen to decrease his weight of expense.

Chapter 2: Research and Methodology

So as to get the required data, the data was assembled from the sources like primary and secondary sources. Primary information comprises the google form, survey and secondary information of the data through different sites, articles, etc. Also the data is collected from various books on tax saving instruments published by various authors.

2.1 Objectives :

The objective of the study is to find the most suitable tax saving instrument preferred by the investors where they can get maximum tax benefit and by using the amount saved in their financial planning.

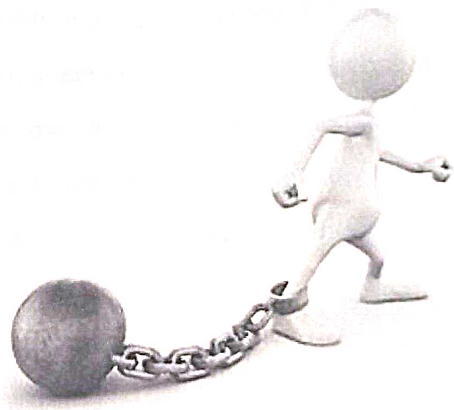
1. To understand the various tax saving instruments available to get tax benefits.
2. To study the consumer preference towards tax saving instruments
3. To identify and evaluate the investment behavior of respondents with reference to tax saving.
4. To offer suggestions on tax saving investment opportunities for the respondents.
5. To make people aware about the different schemes available to get tax deductions under various sections.

2.2 Scope and significance :

1. The scope of my research intends to be in the area of Mumbai suburban, so it does not cover a bigger area.
2. The study of my research is restricted to the tax saving instruments of India.
3. To study various types of tax saving instruments in India and making people aware about it.

2.3 Limitations

1. The study was limited to specific time constraints, thus much extend of the study is not possible.
2. As the maximum data collected is through the respondents of the age group between 20 - 28, not much tax deductions are available to them.
3. The data collected might·have answers which are inappropriate or incorrect.
4. The case study of the project is completely academic due to inexperience makes the report less precise compared to some professional report.
5. The study does not cover wider concepts.



Chapter 3 : Review of Literature

1. Patel and Patel :

(Patel & Patel, 2012) focused their study on investment schemes opted by salaried employees of the private sector. As per study salaried person wants to avail the good return and maximum tax benefit out of their investments. In which Post office schemes and Fixed Deposits are not considered as opted tools due to their low-interest rates.

2. Ansari & Moid

(Ansari & Moid, 2013) studied the investment behavior of an individual investor regarding the dissemination of left out income in different investment schemes. The study reveals that one most prominent factor which guides them while investing was a risk factor associated with that tool. The major purpose of the investment was for growth and additional income whereas income and age also play an important role while investment irrespective of gender. (Patil & Nandawa, 2014) the study found that Investors are aware of investment avenues available in India but still investors are preferred to invest in bank deposits, real estate, metals. The study reveals that 39 percent believe safety is an area of prime concern while doing investment and other second major categories consisting of 25 percentages of the respondents are investing their money in tax saving scheme to avail tax benefits.

3. Sood & Kaur

(Sood & Kaur, 2015) studied the saving and investment pattern of salaried class people and found LIC and bank deposits as the most preferred investment options while high returns, tax benefits, and safety are found as the most significant factors before investing. The researchers recommend increasing the saving and investment habits among the salaried class people. significant difference between the saving and investment patterns of men and women. Further, risk, return, and saving of tax was found to be the most important factors for investment decisions. The study also concluded that the medical deduction is underutilized and the tax rate should be reduced for salaried class.

4. Deerajen Ramasawmy :

Deerajen Ramasawmy et Al (2013), A Study of the Level of Awareness of Financial Literacy among Management Undergraduates, Proceedings of 3rd Asia-Pacific Business Research Conference, Kuala Lumpur, Malaysia, ISBN: 978-1-922069-19-1, The main aim of the study was to assess the level of awareness of financial literacy among management students at the University of Mauritius. The paper took four fundamental aspects in financial literacy i.e. level and importance, definitions and theories, constraints and measures to improve financial literacy. The paper also aimed to depict the relationship between financial literacy and demographic variables such as age group, gender and programme of study. The study found that most of the students had a medium level of knowledge and skills in financial literacy and in savings and borrowings. The study concluded that there is no significant difference observed at 5% level for the financial literacy level between male and female respondents while at the same time significant differences were observed between male and female for the ability to read, analyse, manage and communicate. The paper also found that age, gender, language, race and income level was not having an impact on the level of financial literacy.

5. Savita and Lokesh Gautam(2013)

Income Tax Planning: A Study of Tax Saving Instruments , International Journal of Management and Social Sciences Research (IJMSSR) Volume 2, No. 5, ISSN: 2319-4421, The paper studied the options for investments for tax savings ,the object of the study was to find the most popular form of investment for tax savings. It was observed that investment by way of premium paid for life insurance policy, followed by provident fund contribution and fixed deposits savings were the most popular forms of investment. The other forms of investment followed. The paper also revealed that the savings for tax purpose was the maximum in age group 50-60 and least in age group 20-30. It also states that as income increases the investment for tax saving increases. If the income is between Rs. 5 lakhs to Rs. 10 lakhs investment is Rs. 70000 to Rs. 90000.

6. Nisha Sharma and Dipanker Sharma(2013)

Income, Saving and Investment Pattern of Employees of Bahra University, Solan Dr. Bhawana Bhardwaj, IJMBS Vol. 3, Issue 1, ISSN: 2230-2463, The study is for study the investment pattern amongst employees of Bahra University, Solan Dist., to study the awareness level for investment in the industrial securities, to find preferences & possibilities of new investment avenues and in turn find the most popular investment avenue.

It was concluded that the majority i.e. 80% of employees have knowledge of industrial securities but only 8% of them invest in industrial securities. As they feel that these investments are unsafe. The paper suggested that a mass awakening programme on electronic media which could motivate potential investors be undertaken. They can be motivated through magazines, circulars, letters. Investments in the form of Fixed Deposit are more popular amongst employees.

7. **Bharathraj Shetty and M. Muthu Gopalakrishnan(2013)**

An analysis of investors' attitudes towards various tax saving schemes, International Research Journal of Business and Management, Volume No – I, ISSN :2322-083X, The paper studied the investor's preferred towards various tax saving schemes as eligible under Income Tax Act 1961. The paper also studies where these investors have invested and to identify patterns of investment in tax saving schemes.

It was concluded that individuals in order to reduce their tax burden through tax planning does resort to tax saving investments. There are a large number of schemes for tax savings. The tax saving investments do not give the same advantages to all investors alike, save as suited for high tax bracket individuals , while some are suited for lower tax bracket individuals. While investing, all the benefits available in a particular investment are not known to individual investors they shall thus must make all possible efforts to see that the terms of investment are known. It is also suggested by the researcher that the government and financial institution & local people about various tax saving Schemes, introducing attractive investment schemes, and organizing investor education programmes.

Chapter 4 : Data Analysis, Interpretation and Presentation.

4.1 Tax saving Instruments.

Tax saving are the instruments or the schemes which help an individual in saving their tax by investing their money and investments in such places where they can get maximum deduction under the scheme 80C. There are various schemes available where one can save their money by investing in such schemes. Life Insurance, Health Insurance, ULIPs, Mutual Funds, ELISS, PPF, NPS, NSC etc are various schemes where one can deductions and can save their tax.

Top 7 tax saving Instruments in India

Sr No.	Tax saving instruments	Tax benefit under section	Total tax deductions
1	Life Insurance	Sec 80C & Sec 10D	up to Rs 150000
2	Health Insurance	Sec 80D	up to Rs 55000
3	ULIPs	Sec 80CCC	up to Rs 150000
4	NPS	Sec 80CCD& Sec 80CCE	up to Rs 150000 & Rs 50000 in addition
5	ELSS	Sec 80C	upto Rs 150000
6	PPF	Sec 80C	upto Rs 150000
7	Mutual fund	Sec 80 C	upto Rs 150000

4.2 Objectives of tax payers decision in India

The purpose of the study is to explore the taxpayers' perception towards Tax Saving Bonds (TSBs); and what factors are influencing their fund evaluations and investment intentions. Therefore, the following are the objectives formulated for this study:

1. To explore and understand desirable attributes of TSBs.
2. To analyze investors' perception towards TSBs as an investment option.
3. To explore the critical factors associated with TSBs which may have an impact on investors' investment decisions.

4.3 Factors affecting Taxpayers decision in tax saving by Investing in Tax Saving Bonds

Expense sparing bonds (TSBs) in India is proposed as a venture instrument to charge payers to reduce their duty liabilities either somewhat or totally (subject to assess sections and salary of the people in a specific money related year). These bonds are by and large gave either by the administration, (for example, Reserve Bank of India bonds for the benefit of the Government of India) or by certain open banks, (for example, the State Bank of India) and private banks, (for example, ICICI, IDBI, HDFC). In contrast to other charge investment funds instruments, charge sparing securities, lamentably, are not famous. The reasons may be higher swelling rates in the nation, longer compulsory lock-in period (the base time frame for which speculations are to be kept contributed in), lower successful degree of profitability, and so forth. In the Indian Income Tax Act of 1961, another area 80CCF was proposed in the association spending plan of 2010. This area (80CCF) permits an individual citizen to put resources into Long Term Infrastructure Bond and get charge exclusion of INR (short for Indian Rupees, $1 = INR 60.00 around) 20,000/- per budgetary year. This limit is over the present personal expense segment 80C farthest point (of INR 100,000/ -) for tax exempt benefits by putting into told instruments.

The principal motivation behind proposing this new area (80CCF) in the monetary allowance was to advance framework improvement in the nation. Taking a gander at the developing request and requirement for better frameworks in the nation, the administration suggested that the reserve funds made by buying in these securities are to be used for framework financing purposes.

This segment (80CCF) fills fundamentally two needs to financial specialists: a) charge exclusion from the real liabilities, and b) ensured come back from the venture at a fixed loan cost and for the life of the bond. By putting resources into these foundation securities, the financial specialists get guaranteed pace of profits and, normally, yield of these securities changes from 7.00 to 9.50% per annum. For the most part, the development time of the bonds changes from 10 to 15 years and the base lock-in period is for a long time. After the lock-in period, the individual financial specialist has the choice to exit from these foundation securities through either an optional market exchanging or a repurchase alternative as indicated by the bond guarantor. However, offering nearly high loan fees, the greatest disadvantage on account of framework bonds is that the premiums earned are assessable in the hands of speculators a The hold Bank of India permits Foreign Institutional Investors (FIIs) to contribute upto USD 25 billion in foundation bonds and debentures of Indian framework organizations. Since FIIs are excitedly partaking in framework improvements in India, how local speculators and citizens see it from the speculation point of view just as being a piece of the advancement is an inquiry for which an answer must be found.The principle goal of this examination is to investigate how different traits of TSBs away Taxpayers' (financial specialists') subsidize assessments (disposition) and venture expectations.

4.4 Types of Tax planning:

1) Short range and Long range Tax planning

Short term range of planning is a type of planning which is done for a short period of time, where the tax saving planning's are done for a short period up to a year or not more than three years. In the short range of planning every next year new plans are made and the plans are upgraded as per the requirement of tax saving needs of the individuals. Here short-term plans are made to obtain short term objectives within a short period of time.

Long term range of planning refers to the type of planning where things are planned for long term. Here the tax saving planning's are done for a longer period that could be more than 3-5 years. Long term tax saving plans are being made for getting maximum tax deductions under the sec80C. In the long-term planning tax is not paid immediately but after a long period.

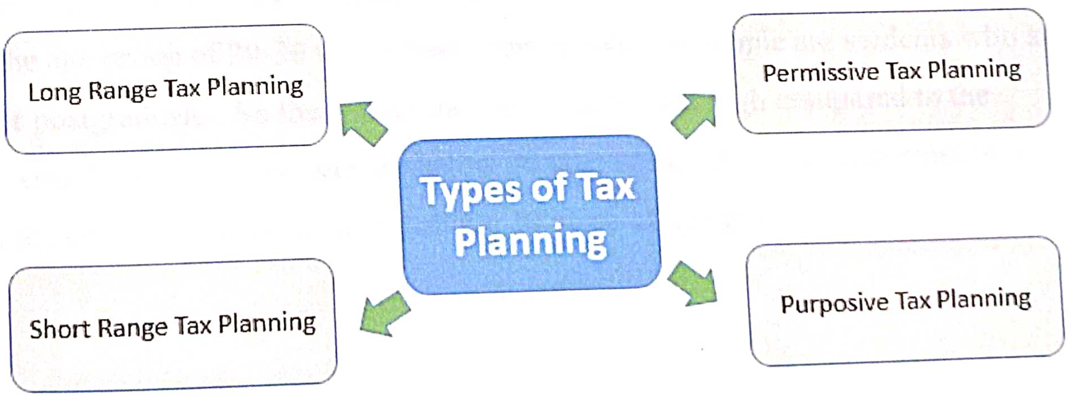
2) Permissive tax planning:

Permissive tax planning refers to the type of tax planning when it's done according to the tax planning terms and rules followed which gives various strategies to get tax deductions from the sec 80C. Corporate duty arranging is a method for lessening charge liabilities on an enrolled organization. The regular approaches to do this remember taking derivations for business transport, medical coverage of representatives, office costs, retirement arranging, youngster care, beneficial commitments and so forth. Through the different duty conclusions and exclusions given under the Income Tax Act, an organization can considerably lessen its taxation rate in a lawful manner. By and by, charge arranging ought not be mistaken for charge shirking and all the arranging ought to be done inside the system of the law.

3) Purposive tax planning

It is a kind of tax planning which misleads the tax saving laws. Here there is no under statue of law followed. Tax planning means intelligently applying tax provisions to manage an individual's affairs, in order to avail the tax benefits based on the national priorities, in accordance with the interest of general public and government. There is an extra 4% Health and Education Cess that should be paid on each front.

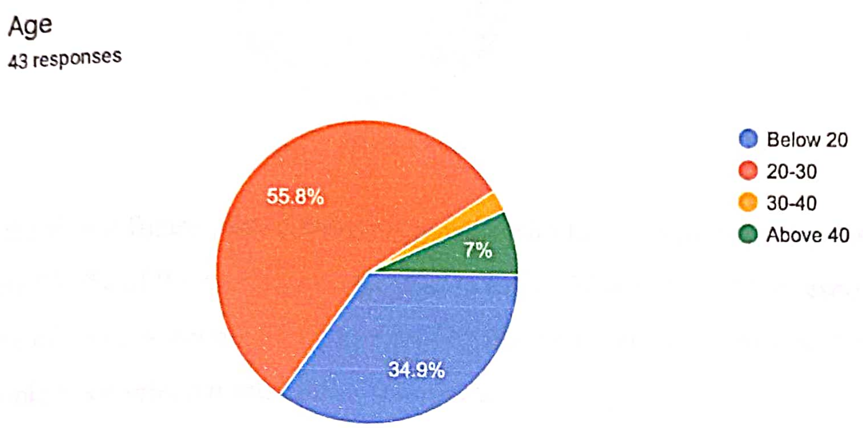
Moreover, individuals with an assessable level of pay of up to ₹ 5,00,000 likewise need to take note of that they are qualified for full expense refund. This change, which was declared in a year age's Union Budget is a silver-covering for some, who are looking to completely use their tax breaks. Since you know your duty chunk, the subsequent stage is to design your ventures relying upon your life's. Planning taxes with a particular objective in mind. There is a particular purpose behind investing in this financial instrument because such purposive planning gives a good amount of deductions to the investor when he tends to invest according to section 80C.



4.5 Data Representation :

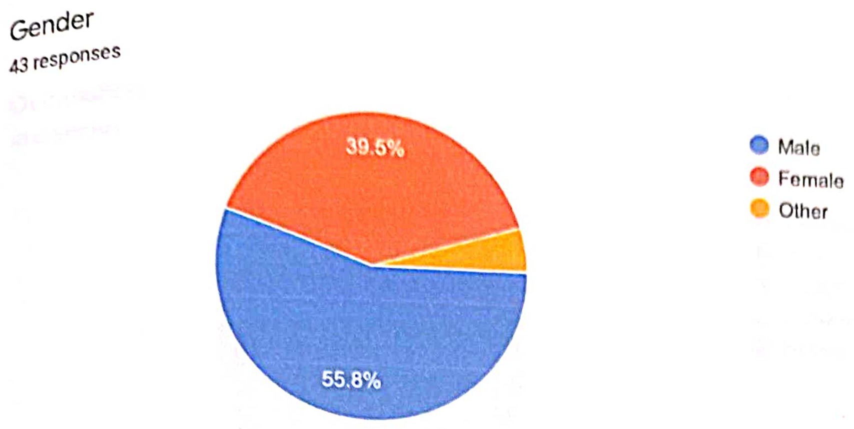
Below is the data representation of the information collected through the form of secondary means of collection of data through Google Forms. various questions are being surveyed to get to a particular conclusion about the following topic.

Chart 1 :



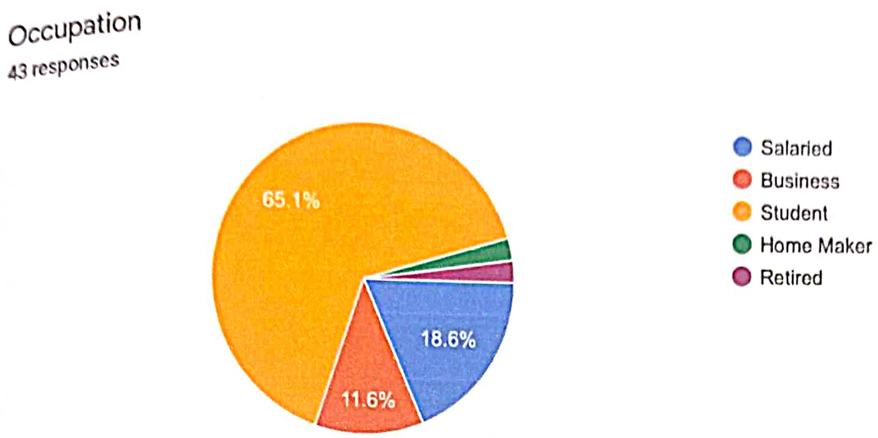
The picture given above represents the age group of the investors investing their money into different schemes to pertain to tax deductions. Here 55.8% of the people who have given their response are in the age group of 20-30 i.e the maximum number of people are students who are either graduate or postgraduate . So the annual income wont be that high compared to the salaried people. Also 34.9% of the people are below 20 year of age. And the least amount of people to whom the survey has been done are above 30 years of age group.

Chart 2 :



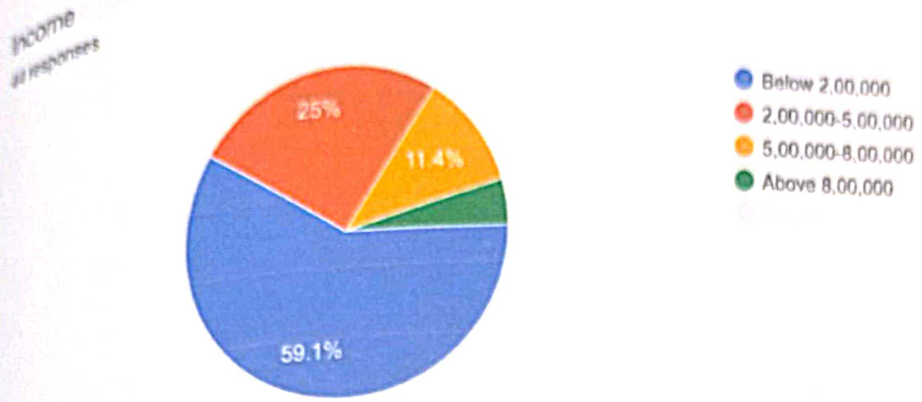
In the above figure , the number of people who have given their response defines their gender. Here 55.8% of the general public tend to male. Also 39.5% of the respondents are female. The ratio of surveys done is not equal among male and female members. And a minute amount of people have selected the option for others.

Chart 3 :



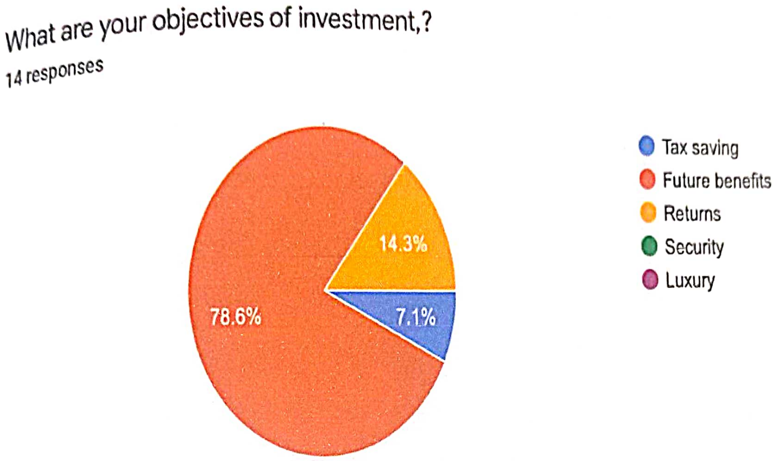
In the above Pie diagram, the data which is given is about the occupation of the respondents on whom the survey has been done. As referred in the age group even here maximum respondents are students who have a lesser amount of income compared to the salaried group that is 65.1%. After that comes the salaried group with 18.6% of the group. Followed by the people who have their own business, and the rest includes home makers and retired people.

Chart 4



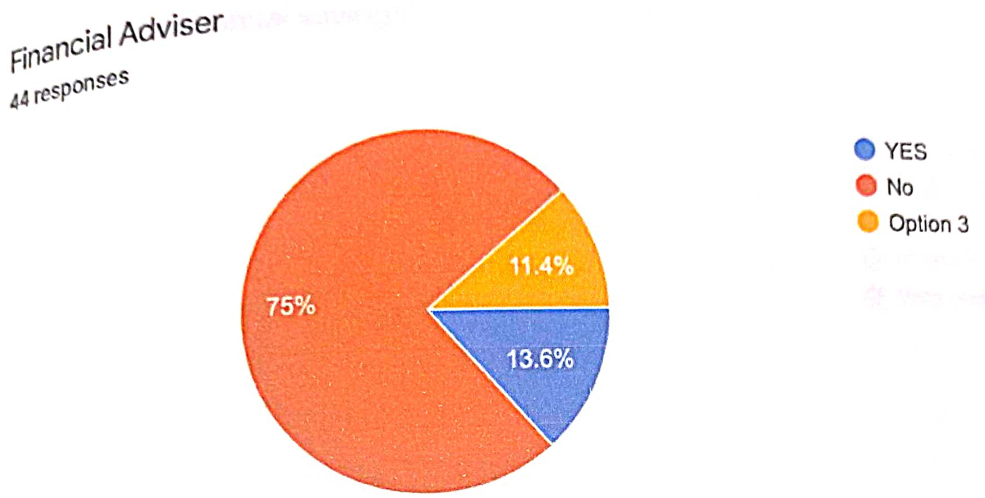
In the above chart, the data is represented by the Income group of the respondents who have answered the following survey for us. As we know, the maximum number of the people on whom the survey has been done are of the age group of below 20 or between the age group of 20-30 years of age. So the maximum respondents salary is below 200000, i.e. 59.1% of people. As the age group is between 20-30 their annual income is also low. 25% of the respondents are having the annual income between 200000 - 500000. 11.4% have their income between 500000 - 800000. So maximum people tend to invest their money to save their tax and pertain to maximum tax deductions under various schemes.

Chart 5 :



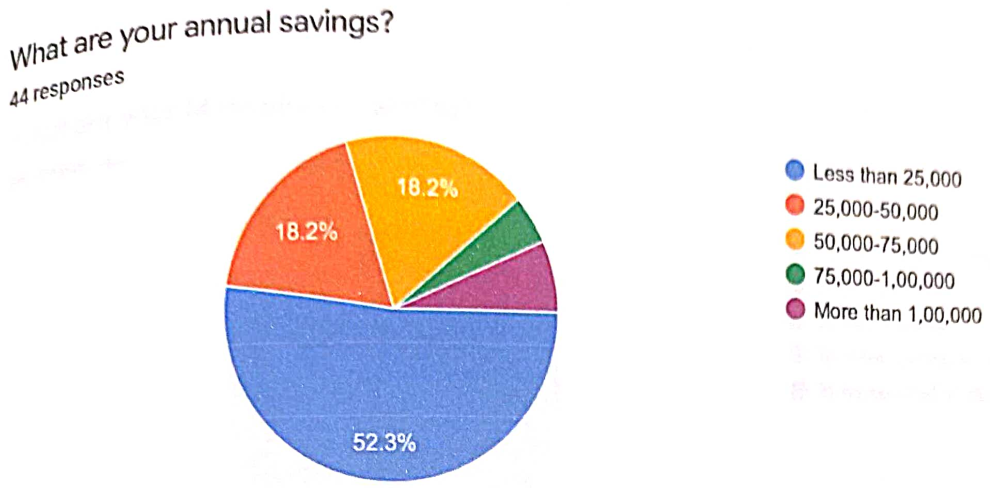
For tax saving people generally invest their money into various places, there can be various schemes where one can invest also people have different mindset for the objectives of their investment. So, 78.6% of the respondents have the clear mindset that their main motive and objective for investment is to pertain future benefits, so that they can use the amount of money in their future. People invest so that their money and investment is secured, and they can use it for further future purposes. Also 14.3% of the respondents invest their money to get easy returns on the investments made by them. Basically, they invest in mutual funds, saving accounts etc where easy returns are available. Rest of the people invest to get tax deduction under sec80C. So that they can reduce the amount of tax paid by them and can earn easy income.

Chart 6 :



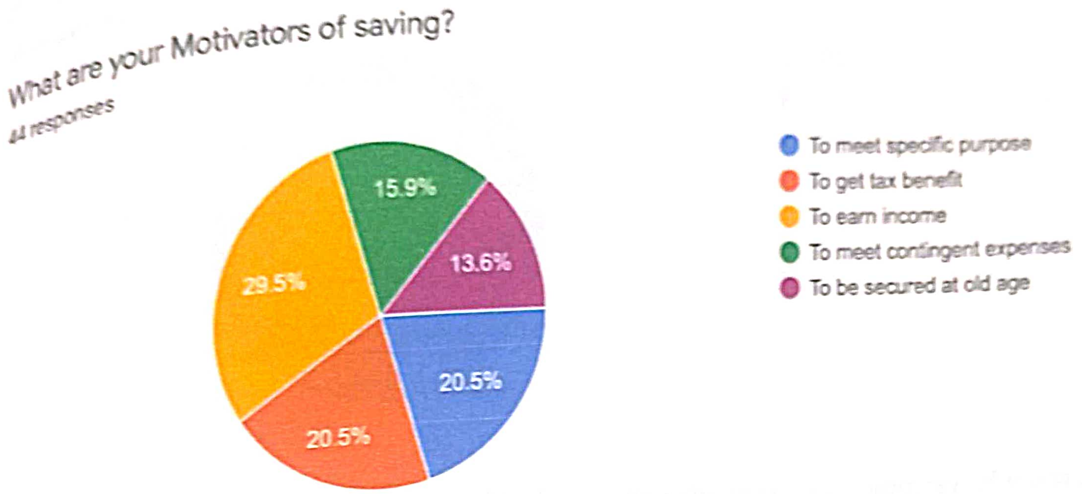
Here in the above chart, a pie chart represents whether the general public is aware about the term financial advisor. Financial advisor is the person who gives suggestions to the investors where to invest and where they can get higher returns and tax benefits by investing in various schemes. 75% of the people are not aware about the financial advisor and they tend to invest without any help from others. Only 13.6% of the investors are having their own financial advisor, and rest 11.4% are now aware about this term.

Chart 7 :



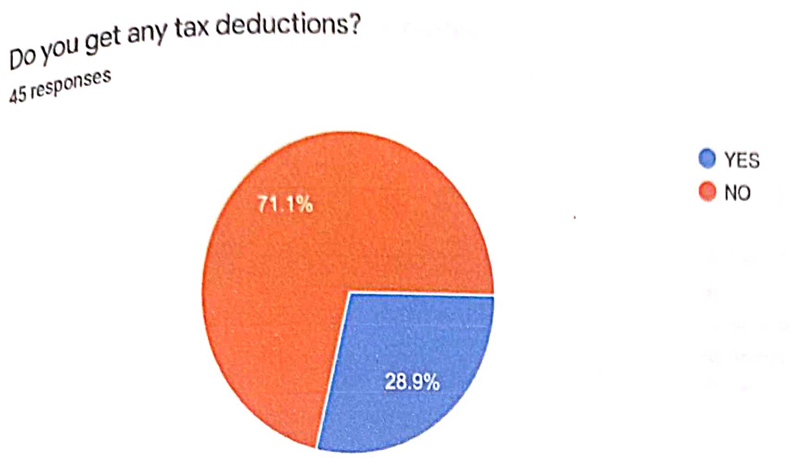
In the above data representation maximum savings done by an individual is less than 25000, because the maximum respondents are students so savings amount is also less. 52.3% of people tend to save 25000 or less than that. Also 18.2% of the investors save between 25000 - 50000 & between 50000 - 75000. And the rest of the respondents save an annual savings of above 75000.

Chart 8 :



The maximum people tend to save their income is to earn easy returns. People are motivated for various purposes to save their investments and incomes. 29.5% of the respondents save because they want to earn more income by the way of getting returns through investing in various schemes. Also 20.5% of the investors invest to get maximum tax benefit under the sec 80C. People invest their savings into various schemes so that they need not pay tax and they would get tax exemption from various schemes. 20.5% of people save to use their savings to meet specific purposes like personal things likings wants etc. 15.9% people save to use their savings if a contingent expense occur so that they need not take any kind of loan. And the other 13% of people want their old age to be secured so that they need not worry about their expenses occurring in future date when they would retire and would not have a flow of income.

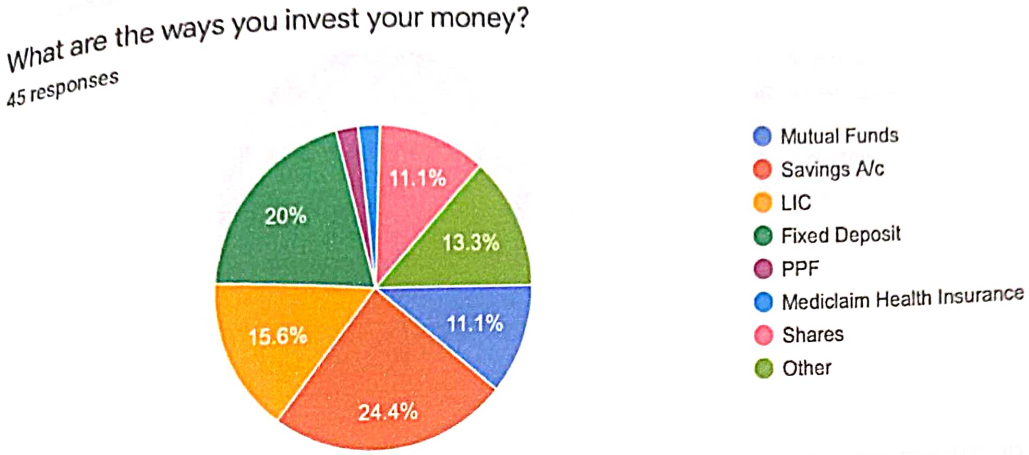
Chart 9 :



As shown in the above figure, we can clearly see that the maximum number of the respondents are students and are not eligible to pay tax liability as their income source is not more than 7 lakhs. So, if the respondents are not eligible for tax payment then they won't get any kind of tax deduction because if tax is not paid, the word for tax deductions won't come into the picture. So, 71.1% of the respondents in the current survey are not getting any tax deductions.

Though 28.9% of the people in the given survey are getting tax deductions up to a certain limit. The respondents who are getting the liberty for tax deductions are mostly the people from salaried group who have a definite income of more than 7 lakhs who are eligible for tax payments. They get deductions under various schemes and sections like 80C, 80CC, 80CCD, 80CCC, 80CCE etc.

Chart 10 :



In the above chart 10, different ways an investor can save his money are shown. There are various ways but the maximum place where money is saved is in savings account that is 24.4%. People generally prefer to invest in those accounts where their money is safe, and they can expect higher returns. 20% of the people tend to save in fixed deposit accounts, here the returns are high as money is deposited for a long period of time. 15.6% of the respondents prefer to invest their savings into LIC, it is an easy option for the people to invest regularly and earn fresh income. 1% of the people tend to invest in Medical health insurance so that they need not pay a high amount on medical expenses incurred on them as a contingent expense.

Rest of the public likes to invest in PPF which is a very good option for tax saving investment as people get tax deductions under this scheme in section 80C. 11.1% of the investors opt for the investment in Mutual funds as they are the most reliable financial instruments where one can save they income and get maximum benefit.

Chart 11 :

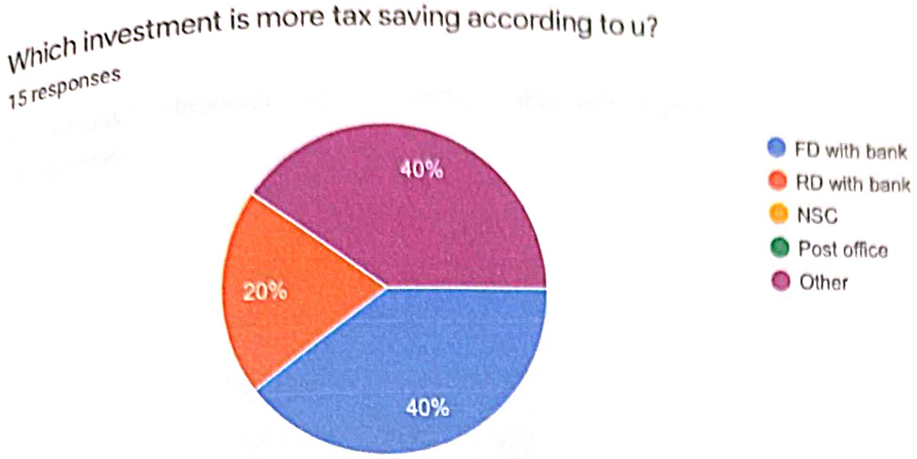
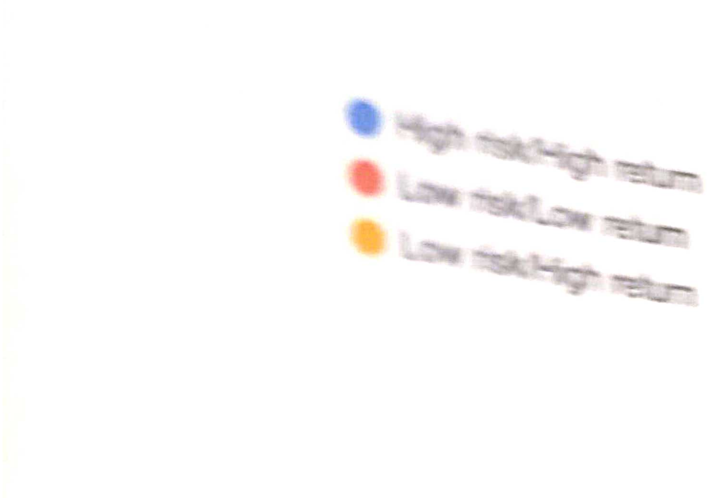


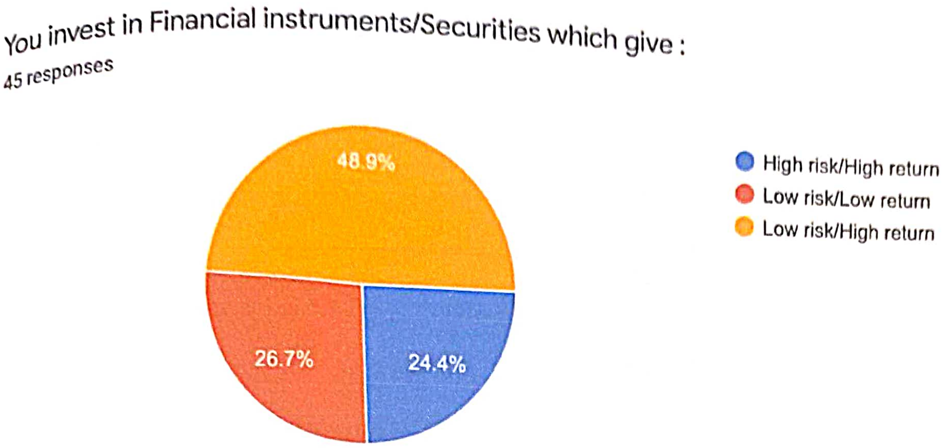
Chart 11 shows the data analysis of the tax saving instruments which are mostly opted by the investors where they can get maximum tax benefit and tax deductions under various schemes. Here 40% of the people choose to invest in Fixed deposit with the bank. Mainly this option because a fixed deposit with a bank gives various benefits to the investors. Tax deduction up to 150000 is given to the people under sec 80C. 20% of people invest regularly in RD with a bank where they can claim maximum tax deductions as well. And the rest of 40% investors invest in other instruments where they can get various benefits and tax saving instruments, like PPF, NSC, post office, mutual funds, SIPs, etc which give :



...nt at places where one can get higher returns. But ... factor. Risk is available at all steps, also risk is ... in instruments where there is low risk factor

... less returns on investments. People ... and low return policy. Also 24.4 % of the ... and high return policy. When you choose to go ... which benefit the investors.

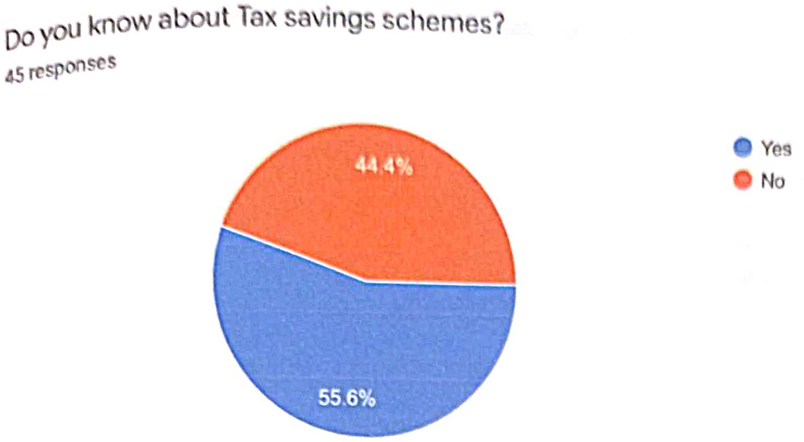
Chart 12 :



People generally tend to invest their investment at places where one can get higher returns. But the major concern for the investors is the risk factor. Risk is available at all steps, also risk is uncertain. 48.9% of the respondents tend to invest in instruments where there is low risk factor and higher return earnings available.

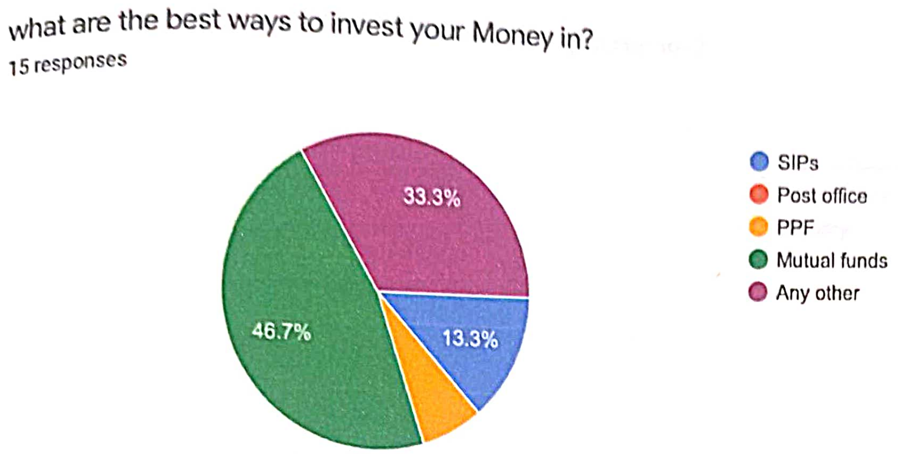
26.6% of people think that risk should be low even if it gives less returns on investments. People don't wish to lose their money so they opt for low risk and low return policy. Also 24.4 % of the people are the one who choose to go for high risk and high return policy. When you choose to go for a higher risk factor the returns on high risk is also high which benefit the investors.

Chart 13 :



There are various schemes present in the market. 55.6% of the people are aware about the tax saving schemes present. And the rest 44.4% of the investors are unaware about the various tax benefits which one can get them maximum tax deductions and exemption under various schemes. ELSS Funds are Equity Linked Saving Scheme which is generally used by the consumers to pertain to tax benefits. Also, by investing in such funds the consumer gets a particular rate of return from the bank and a specific amount is gained through this investment on which the consumer does not pay any amount of tax to the government. The investor invests in these funds to get tax benefits under Sec 80C.

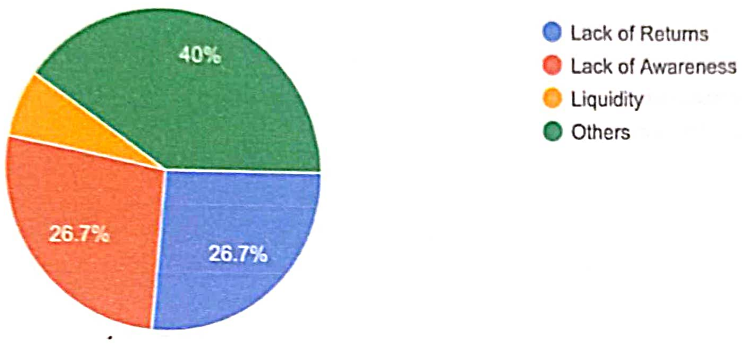
Chart 14 :



Mutual funds are the financial instruments where most people tend to invest their money. 46.7% of the investors invest in MF which saves maximum tax and gives benefit for getting tax deductions. Also 13.3% of the people opt for SIPs which are one of the most relevant tax saving schemes in India. Other various schemes are PPF, ULIPs, ELSS, and various other where tax benefit is gained by the investors. Also, people now invest in post offices for returns. The main motive behind starting this scheme is to mobilize small funds from the consumers and make them invest to get them initial returns from it. Public Provident Fund is a fully guaranteed scheme by the central government.

Chart 15 :

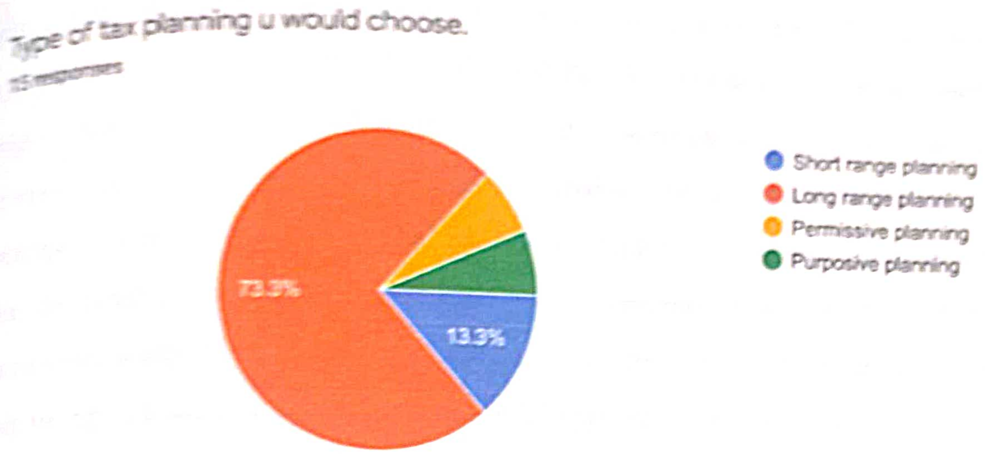
Major concern of respondent about tax saving schemes?
15 responses



In the above figure we can see what the major concerns of respondents about the tax saving scheme are. Majorly the investors are not aware about the various schemes which can help one to save their taxes. Also, they are not knowing about the tax deductions they can get. Here 26.7% people are not aware about the deductions. The principal motivation behind proposing this new area (80CCF) in the monetary allowance was to advance framework improvement in the nation.

People also believe that there are less returns on investing in various schemes and there are security reasons why people don't invest in various financial instruments. The principal goal of this examination is to investigate how different traits of TSBs away Taxpayers' (financial specialists') subsidize assessments (disposition) and investment expectations. And the other 40% of people have various reasons to not invest in the security market and save their money by getting tax deductions under various schemes provided.

Chart 16 :



In the above diagram, data analysis of the preference of the people what they would choose the type of planning to invest in various investments. 13.3% of the people choose short range planning. Short term range of planning is a type of planning which is done for a short period of time, where the tax saving planning's are done for a short period up to a year or not more than three years. 73.3% of the respondents tend to choose a long-term planning programmed. Long term range of planning refers to the type of planning where things are planned for long term. Here the tax saving planning's are done for a longer period that could be more than 3-5 years.

6.7% of the investors choose permissive planning. Permissive tax planning refers to the type of tax planning when it's done according to the tax planning terms and rules followed which gives various strategies to get tax deductions from the sec 80C. Corporate duty arranging is a method for lessening charge liabilities on an enrolled organization. Also 6.7% of the investors choose purposive planning. It is a kind of tax planning which misleads the tax saving laws. Here there is no under statue of law followed. Tax planning means intelligently applying tax provisions to manage an individual's affairs, in order to avail the tax benefits based on the national priorities, in accordance with the interest of general public and government. Planning taxes with a particular objective in mind

Chapter 5 : Conclusion

From the above research and data analysis we conclude that people in India are mostly unaware about the tax saving schemes. The study concluded to know about the different perception of the people towards tax saving instruments in India. The study conducted is to determine the various tax saving instruments options opted by the investors to save their tax and get tax deductions. Descriptive study is done on the following topic to find out the best tax saving instruments which saves the taxes of the investors. A sum of 60 respondents of the Mumbai region have responded towards the study which concludes that maximum people are of the age group of 20-30 who have their net annual income not more than 200000 and maximum savings do is not more than 50000. People generally opt to invest their money in mutual funds, PPF, savings account, post office, SIPs, etc.

Also the majority of the crowd is unaware of the term Financial advisor, so they do not take any financial advice from anyone before investing into various instruments which cause them to pay more tax and hence they cannot pertain tax deductions under the sec80C. Under the scheme in PPF people are getting tax deductions upto 150000 only, whereas in NSC the salaried people who are taxpayers are getting deductions upto 50000 under the sec 80CCD.

There are various schemes which help the investors in getting maximum tax deductions under the sec 80C. Greater part of the respondents gave the principal inclination to youngster's instruction followed by retirement arranging. In the event that we take a gander at the connection among age and motivation behind reserve funds, Investors who are above the age of 60 years of age get the benefit for Senior Citizen Scheme where they are benefited with tax benefit for more than 50000 and till 150000 in tax exemptions. People tend to invest in mutual funds. All shared reserve financial specialists need straightforwardness. Exacting guidelines ought to be upheld by SEBI as to Corporate Governance. SEBI ought to implement severe guidelines on common store organizations where fakes are submitted. Out of complete respondents 71% respondents offered inclination to put resources into Mutual Assets, 69% respondents offered inclination to put resources into sparing A/c, and 65.3% respondents gave the inclination to Insurance. In Surat city, the most well-known wellsprings of investment for the respondents are Saving A/c, Insurance, Mutual Assets, bank/Recurring store and PPF and GPF.

In Mumbai, the most well-known wellsprings of investment for the respondents are sparing, Mutual Assets, Insurance, Bank/Recurring store and offer market. In Mumbai, the most famous wellsprings of investment for the respondent are Insurance, Saving, Gold and Silver, Mutual Funds and PPF and GPF. Respondents don't like to put resources into Real Estate , Post office plot, Government policies , debentures, bonds. The components affecting the determination of Mutual Fund conspire in Mumbai are Net Resource Value, High Returns, Repurchase Facility.

Inclination for Mutual Funds conspires by the control of respondents of chosen urban communities of Mumbai uncovers that Business class, salaried and experts like to put their cash in Growth support (65.1%) and followed by Tax sparing asset (42.2%) while housewives like to put their investment funds in Growth furthermore, control of the respondents and between SIP investment and salary of respondents. Yet, there exists a relationship between SIP investment and training for example taught individuals want to put resources into SIP Plan. The study conducted is to determine the various tax saving instruments options opted by the investors to save their tax and get tax deductions. Descriptive study is done on the following topic to find out the best tax saving instruments which saves the taxes of the investors.

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Appendix.

THE FOLLOWING IS THE BLANK FORMAT OF THE QUESTIONNAIRE :

Name *

Age *

- Below 20
- 20-30
- 30-40
- Above 40

Gender *

- Male
- Female
- Other

Occupation *

- Salaried
- Business
- Student
- Homemaker
- Retired

Income *

- Below 2,00,000
- 2,00,000-5,00,000
- 5,00,000-8,00,000
- Above 8,00,000

Financial Adviser *

- YES
- No
- Option 3

What are your annual savings? *

- Less than 2,500
- 2,500-5,000
- 5,000-7,500
- 7,500-1,00,000
- More than 1,00,000

What are your Motivators of saving? *

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

Do you get any tax deductions? *

- YES
- NO

You invest in Financial instruments/Securities which give : *

- High risk/High return
- Low risk/Low return
- Low risk/High return

What are the ways you invest your money? *

- Mutual Funds
- Savings A/c
- LIC
- Fixed Deposit
- PPF
- Mediclaim Health Insurance
- Shares
- Other

What benefits/returns do you get from savings? *

Do you know about Tax savings schemes? *

- Yes
- No

Major concern of respondent about tax savings shares? *

- Less Return
- Lack of awareness
- Liquidity