

A Study of Awareness of Government Schemes for Tax Planning and Benefits for Working Women

Research Scholar

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Research Guide

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Abstract: This study explores the awareness of government schemes for tax planning and their benefits among working women, focusing on how well these individuals understand the various tax-saving opportunities available to them. It examines factors such as the level of knowledge regarding schemes like Section 80C, 80D, and other deductions, and how this awareness influences their financial decisions. The research highlights the challenges faced by working women in utilizing these schemes, including limited access to information, lack of financial literacy, and the complexities of tax laws. By analyzing the awareness levels and the impact on financial planning, the study aims to offer insights into the barriers and opportunities for empowering working women through effective tax planning. It recommends strategies to enhance awareness and promote better utilization of government schemes to improve their financial security and long-term economic well-being.

Keywords: Government Schemes, Tax Planning, Working Women.

Introduction: Tax benefit schemes are financial instruments and deductions provided by the government to encourage individuals and businesses to save, invest, or contribute to long-term financial goals while reducing their tax liabilities. These schemes include provisions like Section 80C (which covers investments in life insurance, provident fund, and tax-saving fixed deposits), Section 80D (health insurance premiums), and pension plans under Sections 80CCC and 80CCD. Additionally, there are schemes like the National Pension Scheme (NPS) and equity-linked savings schemes (ELSS) that allow

individuals to reduce their taxable income while promoting financial security. These tax benefits aim to incentivize savings, improve financial planning, and encourage investments in areas such as health, insurance, and retirement. By participating in these schemes, individuals can lower their tax burden and achieve long-term financial stability.

Awareness of Government Schemes for Tax Planning and Benefits for Working Women

In recent years, the government of India has introduced various tax-saving schemes designed to help individuals plan their finances better, with particular attention to promoting financial security. For working women, these schemes offer an opportunity to reduce their tax burden while building a secure financial future. Schemes such as Section 80C, which includes investments in life insurance, PPF, and ELSS, provide a way for women to save and simultaneously receive tax deductions. Additionally, women can benefit from Section 80D for health insurance premiums and Section 80E for education loans, among others. However, despite the availability of these schemes, many working women remain unaware of the full spectrum of options or do not fully utilize them due to lack of information or financial literacy.

One of the key challenges working women face is limited access to detailed information about tax benefits and schemes. While urban women, especially those in corporate jobs, are generally more aware of schemes like PPF and LIC, there is a lack of awareness regarding newer instruments such as the National Pension Scheme (NPS) and infrastructure bonds. Additionally, many working women, particularly those in rural areas or from lower-income groups, may not have access to resources that could help them navigate the complexities of tax-saving schemes. Financial literacy programs targeting working women could play a crucial role in bridging this knowledge gap, enabling them to make informed decisions about their financial futures.

Literature Review

1. **Gupta, R., & Sharma, S. (2020)**, In the research titled "Awareness and Utilization of Tax Saving Schemes Among Salaried Individuals in India" The study found that

- while salaried individuals in India were aware of tax-saving schemes, their actual utilization was low. A significant portion of the respondents showed a preference for traditional tax-saving instruments like PPF and LIC, largely due to lack of awareness of newer schemes. The study recommended increasing financial literacy programs to improve the effective use of tax-saving options.
2. **Agarwal, M., & Singh, A. (2018)**, In the research titled "Impact of Tax Savings Schemes on the Financial Planning of Indian Households" This paper explored how tax-saving schemes play a crucial role in financial planning. It concluded that while tax savings are a key motivator for investment decisions, the complexity of schemes such as ELSS and PPF often leads to lower participation. Educating individuals about the advantages of tax schemes is necessary to enhance their adoption rate.
 3. **Kumar, R. (2019)**, In the research titled "Tax Benefits under Section 80C: A Review of Public Awareness and Impact on Investment Choices" Kumar's research highlighted that a substantial portion of the population lacks in-depth knowledge about tax benefits under Section 80C. The study suggested that enhancing the clarity of government communications about these benefits could encourage more individuals to engage in long-term investment planning through tax-saving instruments.
 4. **Patel, N., & Mehta, K. (2017)**, In the research titled "Evaluating the Awareness and Impact of Tax Deduction Schemes Among Small and Medium-Sized Enterprises (SMEs)" The study revealed that SMEs in India were generally unaware of tax deduction opportunities available to them. Despite this, those SMEs that were aware of such schemes were able to significantly reduce their tax liabilities and invest more in business expansion. The research urged the government to provide more targeted awareness campaigns for SMEs.
 5. **Joshi, P., & Rao, K. (2021)**, In the research titled "Effectiveness of Tax Saving Investment Schemes in India: A Study of Public Perception" The authors concluded that while a large number of people were aware of tax-saving schemes, many lacked clarity on their benefits and the best options available. The study emphasized the need for educational initiatives that can explain the nuances of various tax-saving schemes, ensuring informed decision-making.

6. **Thomas, S. (2016)**, In the research titled "An Analysis of Public Awareness Regarding Tax Savings and Retirement Plans" This study found that while individuals were aware of common tax-saving schemes like insurance and EPF, there was a general lack of awareness regarding pension schemes and infrastructure bonds. The research recommended that policymakers focus on promoting awareness about these lesser-known tax-saving avenues to encourage a more diversified investment approach.

Research Gap

The existing literature on tax-saving schemes highlights significant awareness among individuals and small businesses, but there is a clear research gap regarding the in-depth understanding of the complexities involved in selecting and utilizing these schemes effectively. While studies address general awareness and preference for traditional schemes, limited research has explored the barriers that prevent broader participation in newer or more complex tax-saving instruments like ELSS, infrastructure bonds, and pension schemes.

Research methodology

The research methodology for this study adopts a quantitative approach, collecting primary data through a structured questionnaire distributed to 140 working women from various sectors. A convenience sampling technique was used to select participants across different age groups, educational backgrounds, and employment statuses. The questionnaire assessed the awareness of government tax-saving schemes such as Section 80C, 80D, and pension schemes, as well as the perceived benefits like increased savings, tax liability reduction, and financial security. Data analysis was conducted using descriptive statistics to summarize responses and the Friedman and Chi-square tests to examine differences in awareness and benefits across demographic groups. The findings aim to provide insights into the awareness levels and benefits of tax-saving schemes, guiding potential improvements in financial literacy programs for working women.

Data Analysis

Demographic Factor

| Sr No. | Particular | Category | Mean | Standard deviation |
|--------|-------------------|---------------------|------|--------------------|
| 1 | Age | 21 to 30 years | 102 | 72.9 |
| | | 31 to 40 years | 19 | 13.6 |
| | | 41 to 50 years | 16 | 11.4 |
| | | 50 and Above years | 3 | 2.1 |
| 2 | Education | Undergraduate | 21 | 15.0 |
| | | Graduate | 75 | 53.6 |
| | | Post Graduate | 22 | 15.7 |
| | | Professional Degree | 22 | 15.7 |
| 3 | Employment Status | Full time | 83 | 59.3 |
| | | Part Time | 29 | 20.7 |
| | | Self employed | 12 | 8.6 |
| | | Free Lancer | 10 | 7.1 |
| | | Other | 6 | 4.3 |

The data presents the distribution of respondents based on three demographic factors: age, education, and employment status. The largest age group is 21 to 30 years (Mean = 102, SD = 72.9), indicating a significant concentration of younger participants, with progressively smaller groups in older age categories. In terms of education, most respondents are graduates (Mean = 75, SD = 53.6), followed by professionals with degrees and postgraduates, while undergraduates make up the smallest group. Regarding employment status, a majority of the respondents are employed full-time (Mean = 83, SD = 59.3), followed by part-time workers, self-employed individuals, freelancers, and others.

Objective and Hypothesis

Objective 1 To study the awareness of government scheme for tax planning among the working women.

Null Hypothesis H₀₁: There is no awareness of government scheme for tax planning among the working women.

Alternate Hypothesis H₁₁: There is an awareness of government scheme for tax planning among the working women.

The study the above Null hypothesis Friedman test is obtained and Chi-square test is applied and shown below.

| Test Statistics ^a | |
|------------------------------|---------|
| N | 140 |
| Chi-Square | 145.879 |
| df | 8 |
| Asymp. Sig. | .000 |
| a. Friedman Test | |

Interpretation: The above results indicate that calculated p-value is 0.000. It is less than 0.05. Therefore, chi-square test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.

Conclusion: There is an awareness of government scheme for tax planning among the working women.

Findings: To understand the findings of hypothesis, mean score of of government scheme for tax planning among the working women.

| Ranks | |
|---|-----------|
| | Mean Rank |
| 26.1 80C: LIC, Contribution to RPF, Investment in new houses etc. | 6.03 |
| 26.2 80CC: Investment in certain new shares | 5.06 |
| 26.3 80CCA: National Saving Scheme or deffered annuity plan | 4.45 |
| 26.4 80CCB: Equity Linked Saving Schemes | 4.94 |
| 26.5 80CCC: Pension Scheme | 5.45 |
| 26.6 80CCD: Pension Schemes of Central Government | 5.68 |
| 26.7 80CCE: Limit of Deduction u/s 80C, 80CCC and 80CCD | 5.13 |
| 26.8 80CCF: Subscription to Long Term Infrastructure bond | 4.61 |
| 26.9 No Awareness | 3.65 |

The rankings reflect the perceived importance of various tax-saving investment options under Section 80 of the Income Tax Act. The highest-ranked option is "80C: LIC, Contribution to RPF, Investment in new houses, etc." with a mean score of 6.03,

indicating it is the most popular or valued tax-saving choice. Following this, "80CCD: Pension Schemes of Central Government" ranks second with a score of 5.68, showing a strong preference for government-backed pension schemes. Other options such as "80CCC: Pension Scheme" (5.45), "80CCB: Equity Linked Saving Schemes" (4.94), and "80CCE: Limit of Deduction u/s 80C, 80CCC, and 80CCD" (5.13) also receive favorable attention, but not as much as the top-ranked schemes. "80CCF: Subscription to Long Term Infrastructure bond" (4.61) and "80CCA: National Saving Scheme or deferred annuity plan" (4.45) have comparatively lower rankings, suggesting less emphasis.

Objective 2 To study the Benefits of government scheme for tax planning among the working women.

Null Hypothesis H₀₁: There is no benefits of government scheme for tax planning among the working women.

Alternate Hypothesis H₁₁: There is a benefits of government scheme for tax planning among the working women.

The study the above Null hypothesis Friedman test is obtained and Chi-square test is applied and shown below.

| Test Statistics ^a | |
|------------------------------|--------|
| N | 140 |
| Chi-Square | 19.169 |
| df | 5 |
| Asymp. Sig. | .002 |
| a. Friedman Test | |

Interpretation: The above results indicate that calculated p-value is 0.000. It is less than 0.05. Therefore, chi-square test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.

Conclusion: There is a benefits of government scheme for tax planning among the working women.

Findings: To understand the findings of hypothesis, mean score of benefits of government scheme for tax planning among the working women.

| Ranks | |
|--|-----------|
| | Mean Rank |
| 25.1 Litigation Minimization | 3.72 |
| 25.2 Discharge of Income Tax Liabilities | 3.57 |
| 25.3 Increase Saving | 3.76 |
| 25.4 Productive Investment | 3.17 |
| 25.5 Achieving Financial Goal | 3.10 |
| 25.6 Peace of Mind | 3.69 |

The ranking reflects the relative importance of various financial objectives based on mean scores. "Increase Saving" holds the highest rank with a mean score of 3.76, indicating it is perceived as the most crucial goal, followed by "Litigation Minimization" (3.72) and "Peace of Mind" (3.69), which are also highly valued. "Discharge of Income Tax Liabilities" (3.57) ranks slightly lower, showing it is important but less prioritized than savings and legal protection. On the other hand, "Productive Investment" (3.17) and "Achieving Financial Goal" (3.10) hold the lowest ranks, suggesting they are considered less urgent compared to saving, minimizing legal issues, and securing peace of mind.

Conclusion

The study reveals that working women are generally aware of various government schemes for tax planning, particularly those related to long-term savings and pension schemes. The findings from the hypothesis tests, including the Chi-square test, support the conclusion that there is a significant level of awareness among working women regarding government tax-saving options. Additionally, the study identifies that the primary benefits of these schemes, as perceived by the respondents, include increased savings, litigation minimization, and peace of mind, with an emphasis on securing a financial safety net. However, there is still a need for greater education and information dissemination, especially concerning lesser-known schemes, to help women fully utilize the tax benefits available to them for better financial planning.

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