

“A Study on Awareness and Impact of Tax-Saving Schemes among Corporate Employees in Bangalore.”

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ABSTRACT

The study outlines the background, need, and significance of examining awareness of tax-saving schemes among corporate employees in Bangalore. In the context of India’s evolving taxation system and increasing emphasis on financial planning, tax-saving provisions under the Income Tax Act play a crucial role in helping individuals reduce tax liability while promoting disciplined savings and long-term wealth creation. Despite the availability of various schemes such as deductions under Section 80C, 80D, and pension-related contributions, effective utilization largely depends on the level of awareness and understanding among taxpayers.

The problem statement, emphasizing the gap between the availability of tax-saving opportunities and the actual awareness and usage among corporate employees. It establishes the importance of studying how awareness influences financial planning and savings behaviour. The objectives of the study are clearly defined, focusing on measuring awareness levels, examining its impact on financial behaviour, analysing the role of employers and advisory channels, and identifying demographic variations.

KEYWORDS- Tax-Saving Schemes, Tax Awareness, Financial Planning, Savings Behaviour, Corporate Employees, Income Tax Act, Employer Guidance, Financial Literacy, Investment Decisions, Demographic Factors, Bangalore.

INTRODUCTION

Evolution of Taxation in India

Taxation in India has a long and complex history, shaped by political, economic, and social transformations across centuries. The roots of taxation can be traced back to ancient kingdoms, where rulers levied agricultural taxes, trade duties, and tributes to sustain their administrations. Historical texts such as the *Arthashastra* by Kautilya describe detailed systems of revenue collection, emphasizing fairness, efficiency, and the importance of taxation in maintaining state power. These early practices laid the foundation for structured fiscal systems that would evolve under successive regimes.

Colonial Foundations

The modern framework of taxation in India began during the British colonial period. In 1860, Sir James Wilson introduced the first formal Income Tax Act to address the financial crisis following the Revolt of 1857. This act was rudimentary, targeting only a small segment of the population, but it marked the beginning of structured direct taxation in India. Over the following decades, the British refined tax laws to maximize revenue extraction, often prioritizing imperial needs over local welfare. The Income Tax Act of 1922 was a landmark, providing a comprehensive system for assessment, collection, and

enforcement. It introduced concepts such as tax brackets, exemptions, and penalties, many of which continue to influence modern tax structures.

Post-Independence Consolidation

After independence in 1947, India inherited a taxation system designed primarily for colonial revenue collection. Recognizing the need for reform, the government enacted the **Income Tax Act of 1961**, which consolidated earlier laws and created a modern framework for direct taxation. This act remains the cornerstone of India's tax system, though it has been amended numerous times to reflect changing economic realities. The 1961 Act introduced progressive taxation, ensuring that higher-income groups contributed proportionally more to national revenue. It also laid the groundwork for tax-saving provisions, recognizing the importance of incentivizing savings and investments in a developing economy.

Liberalization and Reform

The economic liberalization of the 1990s marked a turning point in India's taxation history. With the dismantling of the License Raj and the opening of markets, tax policies were restructured to encourage investment and growth. Corporate tax rates were rationalized, personal income tax slabs were simplified, and tax-saving schemes were expanded to include modern instruments such as mutual funds and pension plans. These reforms aimed to balance revenue generation with economic stimulation, making taxation not just a tool of compliance but also a driver of financial planning.

Contemporary Developments

In recent decades, taxation has undergone further modernization. The introduction of **Goods and Services Tax (GST) in 2017** revolutionized indirect taxation by subsuming multiple state and central levies into a unified system. On the direct tax front, digital filing platforms, online payment systems, and simplified return processes have increased transparency and compliance. Tax-saving schemes under sections such as **80C, 80D, and 24(b)** have become integral to financial planning, particularly for salaried employees in metropolitan hubs like Bangalore. These provisions not only reduce tax liability but also encourage long-term savings and investments, aligning individual financial goals with national economic priorities.

REVIEW OF LITERATURE

K V Varma, S H Raut, M G Fakir, A P Sonkar, O I Kumawat (2024) – The study “A Study on Awareness of Income Tax Planning Among Women with Special Reference to Panvel Region” is based on the income tax planning among women with special reference to Panvel region. The objective is to know whether awareness campaigns related to income tax planning will be required or not. The findings show that most of the women are aware about tax planning in that region based on the different parameters like awareness of basic exemption limit, penalty and interest on nonpayment, deductions, rebate, TDS, loopholes and various income saving strategies.

Chittibabu C, Dr Dakshayani KN (2023) – The study aimed to ascertain the degree of awareness and perception regarding the tax saving instruments as well as the preferred tax saving instrument options in order to save taxes. Descriptive statistics are utilized to analyse data collected randomly from 110 respondents in Bengaluru City. The findings showed that majority of the salaried individuals did invest their money but not all had tax saving knowledge and it also shows that the gold and government securities is the most widely accepted and preferred investment of salaried individuals.

Rakesh M Kadva, Dr Vijay Gondaliya (2022) – The study “To Study the Perception of Income Tax Planning with respect to Individual Assessee” evaluates and analyses the tax planning strategies and awareness thereof, savings habits, investment choices in India for the period covered under study, For

the purpose of study, employee from both private sector and public sector were covered. Over all findings reveals that the most adopted tax saving instrument is Provident fund and Life insurance policy.

Varsha Singhania (2021) – The study “A Study on Awareness of Investment in Tax Saving Products” focuses on understanding how individuals can take advantage of Indian tax systems through different investment opportunities. The main goal of the research was to understand the respondent’s knowledge about tax planning and tax deductions, where they obtained this knowledge and why they preferred certain investment options. This study seeks to understand which tax saving instrument is most preferred and why it is chosen according to the specified criteria. The study’s overall results show that the deduction of 80C is the most favoured.

Yagna Vyas, Vijay R Gondaliya (2020) -The study “Tax Planning and Tax Management of Salaried Individuals: A Study of Bardoli Region”

aims to check an individual’s knowledge of tax planning and management and to measure it with demographic factors. The study focuses on professional help and advice for return filing and tax planning. The data is collected from 250 salaried individual assesses of Bardoli region through convenience sampling. For statistical analysis Chi-square test has been applied. The findings of the study shows that demographic factors of salaried people affect the knowledge of tax planning. The analysis reveals that higher income individuals need professionals help to manage their tax, but qualified people are having sufficient knowledge for the same.

Ayesha Qadri (2020) – The purpose of this study is to understand tax planning and tax management and to find out the most efficient way of getting tax benefits from numerous tax saving instruments. The findings shows that it is important to plan taxes in advance and to wisely choose among tax saving instruments in order to utilize tax benefits completely.

Kumar M, Tanwar N (2020) – The studied aimed to determine how the investors gender and education of the investors have a significant impact on selection of health insurance. The study found that the level of awareness of health insurance is low and most of them are not covered by any kind of health insurance. There is a significant dependence of selection of health insurance on the gender of the person being surveyed. However, there was no evidence of a connection between education level and choice of health insurance.

Harendra Singh, Prof Anil Vashisht (2019) – The study “A Study of Taxation Awareness Among People: Special Reference to Gwalior Region” aim is to analyse the literacy level of people towards taxation system. The findings showed that a lot of people are using tax consultancy services. Although people had basic knowledge on tax laws but they didn’t know anything in detail about tax laws, which proves that people have a very high dependence on these services.

Suchitra P, Vidhya C (2019) – The research focus on the awareness of tax saving instruments of individual tax payers. The objective of the study is to know the most suitable and popular tax saving instrument used to save tax and to know the amount saved by that instrument by the assesses in Sreekrishnapuram. Chi-square test has been applied for statistical analysis of the collected data. The results of the study shows that most of the respondents in Sreekrishnapuram are aware about the tax saving instrument. It is also found that there is no association between gender and level of awareness among individual tax payers, and the most adopted tax saving instrument is deduction under 80C, followed by 80EE and 80E as the most adopted instrument.

OBJECTIVES

1. To assess the level of awareness among corporate employees in Bangalore regarding various tax-saving schemes under the Income Tax Act (such as Section 80C, 80D, NPS, etc.)
2. To examine the relationship between awareness of tax-saving schemes and its impact on financial planning and savings behaviour among corporate employees.

NEED OF THE STUDY

In the present economic environment, effective tax planning has become an essential component of personal financial management. The Income Tax Act provides several tax-saving provisions and investment avenues designed not only to reduce tax liability but also to promote systematic savings and long-term financial security. However, the effective utilization of these schemes largely depends on the level of awareness and understanding among taxpayers. Corporate employees, particularly salaried individuals, form a significant segment of the taxpayer population. Despite having structured income and access to formal financial systems, many employees may lack adequate awareness of available tax-saving options or may not fully utilize them for strategic financial planning.

With increasing financial complexities, changing tax regulations, and the introduction of alternative tax regimes, it becomes crucial to assess whether corporate employees are sufficiently informed to make sound financial decisions. Moreover, awareness alone may not necessarily translate into effective financial behaviour. Understanding the relationship between awareness and savings behaviour can help identify gaps between knowledge and action.

The study is therefore necessary to evaluate the level of awareness of tax-saving schemes among corporate employees in Bangalore, examine how this awareness influences financial planning and savings behaviour, and analyse the role played by employers, financial advisors, and digital platforms in creating awareness. The findings of this study can assist organizations, policymakers, and financial institutions in designing targeted financial literacy programs and awareness initiatives to promote better tax planning practices.

SCOPE OF THE STUDY

The scope of the study is confined to examining the awareness and impact of tax-saving schemes among corporate employees in Bangalore. The research focuses specifically on tax-saving provisions available under the Income Tax Act, such as deductions under Section 80C, 80D, National Pension System (NPS), and other related investment options.

The study primarily analyses four key aspects:

1. The level of awareness regarding tax-saving schemes.
2. The relationship between awareness and financial planning and savings behaviour.
3. The role of employers, financial advisors, and digital platforms in enhancing awareness.
4. The influence of demographic variables such as age, income, and work experience on awareness levels.

DATA SOURCES

Primary data refers to first-hand information collected directly from respondents for the specific purpose of the study. In this research, primary data is collected from **corporate employees working in Bangalore** to understand their awareness and investment behaviour related to tax-saving instruments. A **structured questionnaire** is used as the main tool for collecting primary data. The questionnaire is designed in a simple and clear manner to ensure ease of understanding and accurate responses from the participants

Secondary Data / Sources

Secondary data was collected from published and unpublished sources such as textbooks, research journals, government publications, reports, websites, and articles related to taxation and financial planning. Sources including tax-related literature, policy documents, and previous research studies provided theoretical background and helped in identifying the research gap and framing the objectives of the study

Sampling

Sampling refers to the process of selecting a representative subset from the entire population for the purpose of conducting research. Since it is not feasible to study the entire population of corporate employees in Bangalore due to time and cost constraints, a suitable sampling method is adopted for the present study.

Population

The population of the study consists of **all corporate employees working in Bangalore city**. This includes employees from sectors such as Information Technology, Banking, Finance, Consulting, Manufacturing, and other corporate organizations. The population is considered large and diverse in terms of income levels, job roles, and experience.

Sample Size

The sample size for the present study is **120 corporate employees**. This sample size is considered adequate to represent the population and to draw meaningful conclusions regarding awareness and impact of tax-saving investments. The selected sample provides sufficient data for statistical analysis while remaining manageable within the time frame of the study.

ANALYSIS AND INTERPRETATION

Analysis of the respondents –

4.1 AGE OF RESPONDENTS

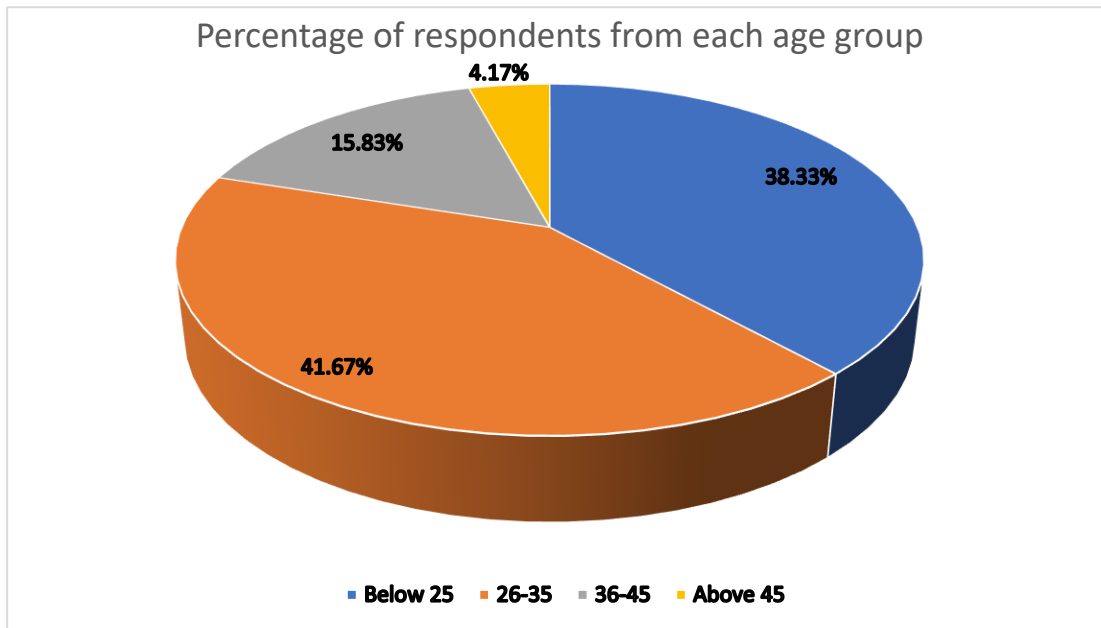
The table presents the age-wise distribution of the respondents included in the study. A total of 120 corporate employees participated in the survey. The respondents were categorized into four age groups: Below 25 years, 26–35 years, 36–45 years, and Above 45 years. This classification helps in understanding the demographic composition of the sample and identifying the dominant age group represented in the study.

Table 4.1 Showing age of respondents

particulars	number of respondents	percentage
Below 25	46	38.33
26–35	50	41.67
36–45	19	15.83
Above 45	5	4.17
	120	

Source: Primary data

FIGURE 4.1 SHOWING PERCENTAGE OF REpondENTS FROM VARIOUS AGE GROUPS



From the table, it is evident that the majority of respondents belong to the 26–35 years age group, accounting for 41.67% (50 respondents) of the total sample. This is closely followed by respondents below 25 years, comprising 38.33% (46 respondents). The age group of 36–45 years represents 15.83% (19 respondents), while only 4.17% (5 respondents) are above 45 years of age.

This indicates that the study predominantly represents young and early-middle-aged corporate employees, suggesting that the findings are largely reflective of the younger workforce segment.

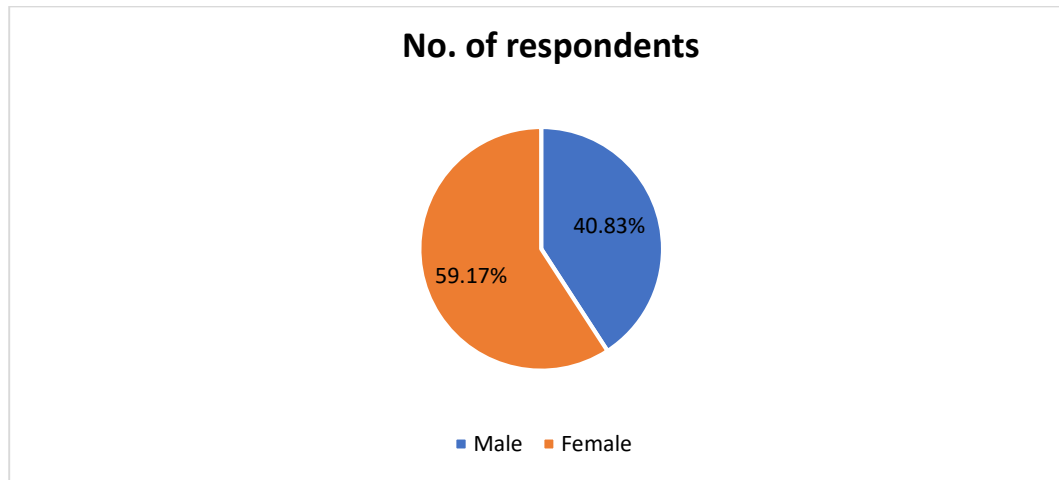
4.2 GENDER OF RESPONDENTS

Table 3.2 Showing gender of respondents

Gender	Number of respondents	Percentage
Male	49	40.83
Female	71	59.17
Total	120	100

The table presents the gender-wise distribution of the respondents included in the study. Out of the total 120 corporate employees surveyed, 49 respondents (40.83%) are male and 71 respondents (59.17%) are female.

FIGURE 3.2 SHOWING AGE OF RESPONSES



This indicates that female respondents constitute a higher proportion of the sample compared to male respondents. The representation of both genders ensures diversity in responses; however, the sample slightly leans toward female participation.

The overall distribution shows that more than half of the respondents in this study are female, which may influence certain findings related to awareness and financial behaviour patterns.

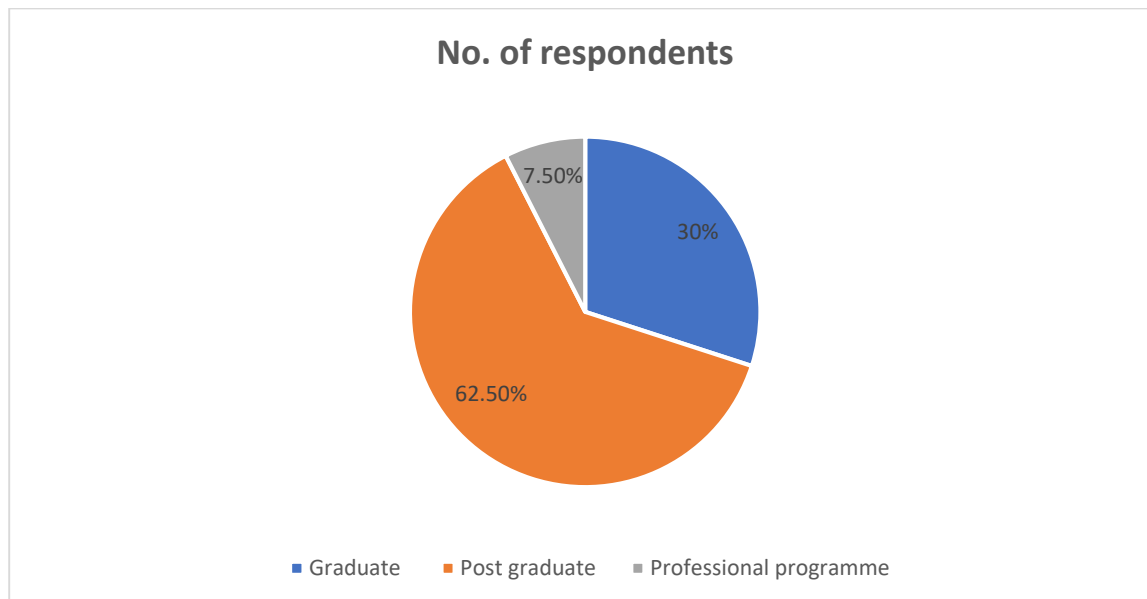
4.3 EDUCATIONAL QUALIFICATION

The table presents the educational qualification of the respondents included in the study. Out of the total 120 corporate employees surveyed, 75 respondents (62.5%) hold a postgraduate degree, 36 respondents (30%) are graduates, and 9 respondents (7.5%) have completed a professional programme.

Table 3.3 Showing educational qualifications

Educational qualification	respondents	Percentage
Graduate	36	30%
Post Graduate	75	62.5%
Professional programme	9	7.5%
Total	120	100

Source -primary data

FIGURE 3.3 SHOWING EDUCATIONAL QUALIFICATION

This indicates that the majority of the respondents are highly educated, with more than half possessing postgraduate qualifications. A smaller proportion of respondents have only a graduate-level qualification, while very few have completed professional programmes.

The high percentage of postgraduate respondents suggests that the sample largely consists of individuals with advanced educational backgrounds, which may positively influence their understanding and awareness of tax-saving schemes and financial planning concepts.

Objective 1

To assess the level of awareness among corporate employees in Bangalore regarding various tax-saving schemes under the Income Tax Act (such as Section 80C, 80D, NPS, etc.)

Awareness level among employees In Bangalore

A One-Sample t-test was conducted to determine whether the mean awareness level of corporate employees regarding tax-saving schemes differs significantly from the neutral value (Test Value = 3) on a 5-point Likert scale.

Hypothesis used for testing

H₀₁: There is no significant level of awareness about tax saving investments among corporate employees in Bangalore.

H₁₁: There is a significant level of awareness about tax saving investments among corporate employees in Bangalore.

One Sample T- Test

Table 3. 4 Mean awareness level of corporate employees regarding tax-saving schemes						
One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I am aware of the tax saving schemes and provision and put them to use while filing My ITR	-16.025	119	0	-1.367	-1.54	-1.2

Inference

From the Table 4.1, the results of the analysis were noted that, A One-Sample t-test was conducted to determine whether the mean awareness level of corporate employees regarding tax-saving schemes differs significantly from the neutral benchmark value of 3 on a five-point Likert scale.

The test result shows a t-value of -16.025 with 119 degrees of freedom and a significance (p-value) of 0.000. Since the p-value is less than the 0.05 level of significance ($p < 0.05$), the result is statistically significant. This indicates that the difference between the sample mean and the neutral benchmark value of 3 is not due to random chance. Therefore, the null hypothesis stating that there is no significant difference in awareness level is rejected.

The mean difference is -1.367, which indicates that the sample mean is 1.367 points lower than the neutral value of 3. Based on this, the actual mean awareness score is approximately 1.63. Given that the Likert scale ranges from 1 (Strongly Disagree) to 5 (Strongly Agree), a mean of 1.63 falls closer to the “Disagree” category. This shows that respondents generally disagreed with the statement that they are aware of tax-saving schemes and use them while filing their income tax returns. The 95% confidence interval (-1.54 to -1.20) does not include zero, further confirming that the difference is statistically significant.

Both the significant p-value and the negative mean difference collectively indicate that corporate employees in Bangalore have a statistically significant but low level of awareness regarding tax-saving schemes. While the test confirms that awareness levels differ significantly from the neutral benchmark, the direction of the difference shows that awareness is below average. This suggests a clear need for enhanced awareness programs and improved communication regarding tax-saving provisions among corporate employees.

Objective 2

To examine the relationship between awareness of tax-saving schemes and its impact on financial planning and savings behaviour among corporate employees.

Hypothesis

H₀₂: There is no statistically significant relationship between awareness of tax-saving schemes and its impact on financial planning and savings behaviour among corporate employees.

H₁₂: There is a statistically significant relationship between awareness of tax-saving schemes and its impact on financial planning and savings behaviour among corporate employees.

<u>Correlations</u>			
		<u>Awarness mean</u>	<u>Impact mean</u>
<u>Awarness mean</u>	<u>Pearson Correlation</u>	<u>1</u>	<u>0.166</u>
	<u>Sig. (2-tailed)</u>		<u>0.071</u>
	<u>N</u>	<u>120</u>	<u>120</u>
<u>Impact mean</u>	<u>Pearson Correlation</u>	<u>0.166</u>	<u>1</u>
	<u>Sig. (2-tailed)</u>	<u>0.071</u>	
	<u>N</u>	<u>120</u>	<u>120</u>

A Pearson correlation analysis was conducted to examine the relationship between awareness of tax-saving schemes and the impact of such awareness on financial planning and savings behaviour among corporate employees. The results show a Pearson correlation coefficient (r) of 0.166 between **Awareness mean** and **Impact mean**. This indicates a positive but weak relationship between the two variables. In practical terms, this means that as awareness increases, the impact on financial planning and savings behaviour tends to increase slightly.

However, the significance (p-value) associated with this correlation is 0.071. Since the p-value is greater than the 0.05 level of significance ($p > 0.05$), the relationship is not statistically significant at the 5% level. This implies that the observed positive association may have occurred by chance and cannot be considered strong enough to draw a definitive conclusion about a meaningful relationship between awareness and impact.

Therefore, although there is a weak positive correlation between awareness and its impact on financial behaviour, the relationship is not statistically significant. Based on this result, the null hypothesis stating that there is no significant relationship between awareness and impact cannot be rejected. This suggests that, within the sample of corporate employees studied, awareness of tax-saving schemes does not significantly influence their financial tax planning and savings behaviour. This suggests that even if corporate employees are aware of tax-saving schemes, such awareness does not significantly influence or motivate them to engage in financial planning or investment decisions. In other words, awareness alone may not be sufficient to drive behavioural change in terms of tax-saving investments and financial planning practices.

SUMMARY OF FINDINGS AND CONCLUSION

Awareness Level of Corporate Employees Regarding Tax-Saving Schemes

The study examined the level of awareness among corporate employees in Bangalore regarding various tax-saving provisions under the Income Tax Act. The One-Sample t-test results revealed that the mean awareness score was significantly lower than the neutral benchmark value on the five-point Likert scale.

The calculated mean score (approximately 1.63) indicates that respondents generally disagreed with the statement that they are aware of tax-saving schemes and utilize them while filing their income tax returns.

The statistical significance of the test confirms that the low awareness level is not due to random variation but reflects a genuine pattern within the sample. This finding clearly suggests that a majority of corporate employees lack sufficient knowledge about tax-saving instruments such as Section 80C, 80D, NPS, and related provisions. The results point toward a substantial gap between the availability of tax-saving opportunities and employees' understanding or utilization of these provisions. Overall, the awareness level among corporate employees can be categorized as significantly low and below average.

Relationship Between Awareness and Financial Planning & Savings Behaviour

The study further examined whether awareness of tax-saving schemes has a meaningful impact on financial planning and savings behaviour. The Pearson correlation analysis indicated a positive but weak relationship between awareness and financial behaviour. Although the correlation coefficient suggested that higher awareness is associated with slightly better financial planning practices, the relationship was not statistically significant at the 5% level.

This implies that awareness alone does not strongly influence employees' savings and investment decisions. In other words, even when employees possess some degree of awareness, it does not necessarily translate into proactive financial planning or increased tax-saving investments. The findings highlight a gap between knowledge and behavioural implementation. Financial decisions may depend on additional factors such as income level, risk appetite, financial discipline, lifestyle priorities, and long-term financial goals. Therefore, awareness by itself is insufficient to drive substantial behavioural change in tax-saving practices.

Based on the comprehensive analysis and findings of the study, several practical and policy-level suggestions are proposed to improve awareness and effective utilization of tax-saving schemes among corporate employees.

Firstly, organizations should take proactive responsibility in enhancing tax-related awareness through structured financial literacy initiatives. Since employer guidance emerged as the most significant predictor of awareness, companies can introduce periodic tax education workshops, expert-led seminars, and internal advisory sessions, particularly during the beginning and mid-point of the financial year. Instead of limiting communication to year-end tax declaration reminders, organizations should adopt a continuous engagement model that educates employees about available provisions, eligibility criteria, documentation requirements, and long-term benefits of tax planning.

Secondly, companies can collaborate with certified financial planners to provide personalized tax consultation services within the workplace. While financial advisors did not show a statistically significant independent impact in this study, structured and employer-facilitated advisory programs may improve their effectiveness. Personalized sessions can help employees translate theoretical awareness into actionable investment strategies tailored to their income levels, risk appetite, and financial goals.

Conclusion

The present study sought to examine the level of awareness of tax-saving schemes among corporate employees in Bangalore, analyse the relationship between awareness and financial planning behaviour, evaluate the role of institutional and advisory influences, and determine whether demographic factors affect awareness levels.

The findings clearly indicate that awareness of tax-saving schemes among corporate employees is significantly low. Despite the availability of multiple provisions under the Income Tax Act, employees generally lack adequate knowledge and do not actively utilize these schemes while filing their income tax returns. This reflects a substantial awareness gap that may limit optimal tax planning and long-term financial security.

The study further reveals that awareness alone does not significantly influence financial planning and savings behaviour. Although a weak positive relationship exists, it is not statistically strong enough to confirm that knowledge automatically translates into action. This suggests that behavioural, psychological, and economic factors play an important role in shaping financial decisions.

Limitations of the Study

- I. While the study provides meaningful insights into the awareness and impact of tax-saving schemes among corporate employees in Bangalore, certain limitations must be acknowledged.
- II. Firstly, the study is geographically confined to corporate employees working in Bangalore. As a result, the findings reflect the characteristics, work culture, and financial exposure specific to this region. Corporate environments in other cities or states may differ in terms of employee demographics, organizational policies, and financial literacy initiatives. Therefore, the results cannot be generalized to all corporate employees across India or to employees in different economic or cultural settings.