



A Study about Financial Planning and Tax Saving Options for Primary and Secondary School Teachers of Nagpur Region

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Abstract- Financial Planning gives direction and importance to take decisions about finance. It permits comprehension of what each financial decision an individual makes means for different areas of their funds. Private teachers work hard to earn which they want to save from paying heavy tax.

Purpose: The very purpose of this research work to carry is to understand the awareness about financial planning and tax among the teaching community. With this research work, researcher wants to suggest them the importance of Financial Planning, which can help the teachers to meet their financial needs.

Objective: This study is undertaken to understand the saving habits of teachers. Another objective of this study is to identify the most popular investment option for tax saving.

Methodology: Primary data was collected with structured questionnaire. 87 teachers from primary and secondary schools were selected randomly to achieve the objectives. This sample represents the whole population. The research work was carried in Nagpur region. Data was analyzed using Excel and SPSS.

Conclusion: It was concluded that teachers are well aware about the Tax system. Therefore, they start saving money as soon as they get job. Teachers are well educated about financial planning and saving of tax. The most popular investment option for them is to pay LIC premium.

Keywords: Finance, Planning and Tax

I. INTRODUCTION

Financial Planning refers to a process of wisely managing your finance so that you can achieve your goals and dreams. It is a way towards investigating your financial circumstances and building a particular monetary plan to arrive to your objectives. Accordingly, Financial planning frequently digs into different territories of money, including savings, investing, taxes, insurance, retirement etc. Financial planning is the act of assembling an arrangement for your future, explicitly around how will you deal with your funds and get ready for the entirety of the likely expenses and issues that may emerge. The cycle includes assessing your present monetary circumstances, recognizing your objectives and afterward creating and carrying out relevant suggestions.

It is an ongoing process that will help you to reduce your stress about money, support your needs in emergency and will help you to build a source of income at the time of retirement. Its long-term goal is to support you financially when you need funds the most. Financial Planning is important since it permits you to capitalize on your resources, and guarantees you meet your future objectives. When it comes to Indian employees, financial planning is to create a roadmap to save tax and benefit them in long run. Hence dual objectives are achieved. Tax is really a matter of concern. Indian have to plan for tax well in advance. Indian teachers earn money and they invest a part of their money so as to get benefits from tax. This invested money will be returned after a period of time without tax. A proper understanding about tax structure and then investing accordingly is a basic requirement from Indian teachers. Thus, financial planning and tax saving go hand in hand for the Indian teachers.

Aim:

This research work is undertaken to understand the awareness about financial planning and tax schemes for teachers and to suggest them importance of it so as to make their future better.

Significance

It is critical to study and extend the economic condition of things to come so that sufficient funds can start

right off the bat in the teachers' life. This research will essentially increase of information on Financial Planning and how tax can be saved so as fulfill the needs of the teachers.

II. LITERATURE REVIEW

Savita and Gautam (2013) conducted a research to study the options for investment. The objective was to find the most popular investment option for saving tax. Investment by paying premium for life insurance, Provident fund and Fixed deposit saving were the most popular investment option to save tax. The paper additionally uncovered that the saving for tax purpose was the most extreme in age range from 50 to 60 years and least in age range of 20 to 30 years. It likewise expresses that as pay increment the venture for tax saving increments. On the off chance that the pay is between Rs. 5 lakhs to Rs. 10 lakhs range of investment is from Rs. 70000 to Rs. 90000. Umamaheshwari and Suganthi (2015) had done an investigation on "Investment Pattern and Savings of Teachers at Sirkali Town in Tamilnadu". The investigation was to understand the relationship between the savings and investment pattern among the teachers of school. 100 schools were selected to distribute the questionnaire at sarkali town of tamilnadu. These researchers concluded that the best investment option for these teachers is to invest in bank, purchase gold, deposit in post office and investment in LIC. Varsha Virani (2014) concluded in her research on saving and investment model of school teachers from Gujrat in which she collected responses from 100 teachers and directed that a lot of the teachers are saving funds as deposits in banks as it has low risk and securities from government as their speculation preference. Further she added that good returns and tax reduction has impact the Investment decision of the respondents. Singh and Kaur (2018) have directed examination on Investment example of individual investors and saw that venture decisions independent of what is the sum, requires an unequivocal measure of information, data and sharpness. There are a few factors that immediate the investment decision spread across road picked going from gender orientation and pay to financial backer's character and risk craving.

Investors, prior to making speculations, need to gather investment related data from the web and talk with companions, friends and speculation specialists prior to making speculations.

Objectives of the Study

- To identify the saving habits of primary and secondary teachers
- To identify the most popular investment option for tax saving.

Research Methods

This study is based on primary and secondary data. Primary data was collected from primary and secondary school teachers of Nagpur region. The teachers were from private schools only. The responses were collected with the help of structured questionnaire. Questions were divided into two parts. Part A consist of demographic information of the respondents. Part B consist of core question related to financial planning and tax savings. The researcher was able to collect 87 responses. Hence, sample size was 87. Data was collected in the month of Feb. 2021. Simple random sampling was used to select the respondents. The respondents were from Nagpur region. Data was analyzed using Excel and SPSS, version 24. Secondary data was collected from books, literature, journals, websites etc.

III. DATA ANALYSIS AND ITS INTERPRETATION

This section is about the data analyses. In this section all the data is interpreted so as to drive to a conclusion.

Part A

This section provides the detail information about the demographic profile of the respondents.

Table 1: Distribution of Personal Details

| Variable | Sr. No | Opinion | No. of Respondents | Percentage (%) |
|--------------------------------|--------|--------------------|--------------------|----------------|
| Gender | 1 | Male | 28 | 32.18 |
| | 2 | Female | 59 | 67.82 |
| Age (years) | 1 | 21 - 30 | 14 | 16.09 |
| | 2 | 31 - 40 | 39 | 44.83 |
| | 3 | 41 - 50 | 23 | 26.44 |
| | 4 | Above 50 | 11 | 12.64 |
| Marital Status | 1 | Unmarried | 16 | 18.39 |
| | 2 | Married | 69 | 79.31 |
| | 3 | Divorcee/Separated | 02 | 02.30 |
| No. of Dependent/s | 1 | 1 child | 35 | 40.23 |
| | 2 | 2 children | 43 | 49.42 |
| | 3 | 3 children | 03 | 03.45 |
| | 4 | Only parents | 06 | 06.90 |
| Educational Qualification | 1 | D.Ed | 07 | 08.05 |
| | 2 | B.Ed | 32 | 36.78 |
| | 3 | Other Graduate | 21 | 24.13 |
| | 4 | Post- Graduate | 17 | 19.54 |
| | 5 | Ph.D. | 7 | 08.05 |
| | 6 | Other | 3 | 03.45 |
| Type of Family | 1 | Nuclear | 70 | 80.46 |
| | 2 | Joint | 17 | 19.54 |
| Do you come under tax category | 1 | Yes | 73 | 83.91 |
| | 2 | No | 14 | 16.09 |

Table 1 depicts the details of respondents. Here, it was seen that mostly females were the teachers in the primary and secondary private schools. Most of the respondents were in the age bracket of 31 to 40 years (44.83%). There were 23 respondents whose age lies between 41 to 50 years. Teachers were mostly married. Number of dependents are either 1 or 2 children of majority of the respondents. Teachers are educated enough. Maximum of teachers are either professionally qualifies or minimum graduate. 70 respondents are having nuclear family. Among all the respondents 83.91% are tax payee.

Table 2: Distribution of Income and Saving Details.

| Factor | Sr. No | Income Level | No. of Respondents | Percentage (%) |
|---------------------------|--------|--------------|--------------------|----------------|
| Income Level (Per Month) | 1 | Below 10000 | 6 | 06.90 |
| | 2 | 10K – 20K | 8 | 09.19 |
| | 3 | 21K – 30K | 24 | 27.59 |
| | 4 | 31K – 40K | 33 | 37.93 |
| | 5 | Above 41K | 16 | 18.39 |
| Savings Level (Per Month) | 1 | Below 15k | 41 | 47.13 |
| | 2 | Above 15K | 46 | 52.87 |

Above table supports that mostly respondents pay tax. Above table is clear to say that 73 (approx. 84%) of 87 respondents are falling in the tax slab. However, few don't have to pay tax as they do not earn a minimum 2.5lakh annually. People have a tendency to save. All most all the respondents save in or the other form. Most of the respondents save 15K+.

Part B

This section deals with the core questions related to financial planning and tax saving strategies.

Table 3: Investment Option

| Sr. No | Investment | Sum | Rank |
|--------|------------------------------|-----|------|
| 1. | LIC Policies and Premium | 48 | 1 |
| 2. | Bank FD | 31 | 4 |
| 3. | Deposits in Post Office | 38 | 2 |
| 4. | National Saving Certificates | 11 | 5 |
| 5. | Shares | 7 | 6 |
| 6. | Mutual Funds/UTI | 5 | 7 |
| 7. | Gold/Silver | 34 | 3 |

Source: Data Collected through survey

Since most of the respondents are tax payers they are forcefully or personally want to invest so as to save from tax. The best option for most of the teachers is paying insurance in the form of premium for their life. Few teachers save a part of their salary in the post office and the third best option is to purchase gold. Since gold is little expensive hence this could be the third option as most of the respondents are female. However, investment in Mutual Funds/UTI is the last option for investment to save tax.

Table 4: Saving Purpose

| Sr. No | Saving option | Sum | Rank |
|--------|----------------------|-----|------|
| 1. | To save Tax | 41 | 1 |
| 2. | Children's Education | 32 | 2 |
| 3. | Children Marriage | 22 | 3 |

| | | | |
|----|------------------------|----|---|
| 4. | To Purchase Asset | 19 | 5 |
| 1. | To meet contingency | 21 | 4 |
| 2. | To get assured returns | 11 | 7 |
| 3. | Other | 13 | 6 |

Source: Data Collected through survey

The researcher wanted to know the purpose of saving. Here the researcher found that the basic purpose to save is to save money from paying taxes. Secondly teachers save money for the education of their child/children's and third they save money for the marriage purpose.

Table 5: Financial Planning and Tax

| Factor | Category | No. of Teachers | Percentage (%) |
|------------------------------------|--|-----------------|----------------|
| My Habit of saving money | Childhood habit | 12 | 13.79 |
| | After getting Job | 44 | 50.58 |
| | After getting into tax slab | 31 | 35.63 |
| Planning for Tax | From the stating of the financial year | 56 | 64.37 |
| | At the end of the financial year | 31 | 35.63 |
| Knowledge about Financial Planning | Yes | 63 | 72.41 |
| | No | 24 | 27.59 |
| Knowledge about saving of Tax | Yes | 65 | 74.71 |
| | No | 22 | 25.29 |

Source: Data Collected through survey

Most of the respondents start saving as soon as they get the jobs. Teachers also save money to get rid away from the tax. However, the awareness about the tax is such that the teachers mostly plan for the tax right from the start of the financial year. Table above is evident that teachers have ample knowledge about the financial planning and about saving of tax.

Table 6: Tax Planning Opinion

| Parameter | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------|-------|---------|----------|-------------------|
| Tax planning helps in reducing the burden of tax | 37 | 43 | 7 | 0 | 0 |
| Planning for tax helps to save money | 44 | 41 | 2 | 0 | 0 |
| Tax planning helps to increase wealth and assets | 16 | 20 | 19 | 26 | 6 |
| Tax planning helps to proper flow of funds | 37 | 39 | 10 | 1 | 0 |

| | | | | | |
|--|----|----|---|---|---|
| Investment can be properly done if we plan for tax | 31 | 49 | 6 | 1 | 0 |
|--|----|----|---|---|---|

Source: Data Collected through survey

Table 6 shows details of opinion about tax planning. Table above proves that most of the respondents are either agree or strongly agree about the benefits of saving money against of paying tax. They opine that planning for tax helps them in decreasing the burden of tax and helps them to save a good amount of money. However, when it comes to increase of wealth when they plan for tax, respondents opined that it does not help it. Tax planning helps to increase the flow of money and proper investment can be done with proper management about tax.

IV. CONCLUSION

Financial planning and tax saving options are duly considered by all Indians. Teachers are in no way exception for the same. Planning for tax is a methodology to lessen tax rate. Financial planning and tax planning decreases the burden of tax at the same time gives mental satisfaction. Teachers adopt tax planning to assist them to save a considerable amount of money in a legal manner. Government has given a wide variety of option to save our money, hence it is our duty to get maximum benefit of it.

It is concluded through this research work that teachers pay their taxes regularly and try to save a good amount for their future needs. The best option for the teaches is save tax by paying premium for their policy. They are well aware of the benefits of saving money instead of paying tax. They all prepare themselves right from the starting of the financial year. Teachers strongly believe that saving money helps them in many ways. Hence, they start saving money as soon as they get the job. They have knowledge about financial planning as well as about saving of tax. It can be suggested to the teachers that that saving for future is very important, hence if they can savemore it will be beneficial for them only.

V. LIMITATIONS

- Due to time constrains, researcher was able to connect only to 87 respondents.
- Teachers from private schools were only targeted for generating responses, However Government schools can also be selected.

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