



### A STUDY ON AWARENESS AND INVESTMENT OF TAX SAVING SCHEMES AMONG SERVICE MEN OF MUMBAI

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#### **Abstract:**

*This study analyses the awareness and investment behaviour of salaried and working individuals regarding tax-saving schemes. The research focuses on age-wise awareness differences, gender-based investment preferences, and the relationship between financial awareness and diversification of tax-saving investments. Primary data was collected through a structured questionnaire from service-class individuals in Mumbai using a convenience sampling method, and hypotheses were tested using the percentage method. The findings show that younger individuals have higher awareness compared to elder respondents, males prefer market-linked options while females favour traditional schemes, and higher awareness leads to more diversified investments. The study concludes that although tax-saving schemes are widely used, gaps in awareness and risk understanding remain, highlighting the need for improved financial literacy and structured financial education initiatives.*

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#### **Introduction:**

In today's fast-paced financial world, tax planning has become an important part of personal financial management, especially for service-class individuals. With the government offering various tax-saving options under Sections like 80C, 80D, and others, taxpayers have a wide range of instruments to reduce their tax liability while also planning for long-term goals.

However, having options doesn't always translate to wise financial decisions.

Many Salaried professionals tend to invest either in the most traditional schemes they've heard of, or simple follow suggestions from colleagues and agents, without a full understanding of the benefits and risks involved. Mumbai, being a hub of employment and professional

opportunities, has a large population of service-class individuals, making it an ideal location for this study.

#### **Objectives of the study:**

1. To study various tax-savings schemes available to salaried / service-class individuals in Mumbai.
2. To assess the level of awareness regarding tax-saving schemes among service class individuals.
3. To examine the investment patterns and preferences of service-class individuals in different tax saving options.
4. To analyse the relationship between awareness and actual investment choices.
5. To identify the key sources of influence that drive tax-saving decisions.
6. To suggest measures for improving awareness and promoting in form tax-saving investment



### Hypothesis:

- **Hypothesis (H<sub>1</sub>)** There is a significant difference in the awareness of tax-saving schemes between young and elder salaried /working individuals.

**Null Hypothesis (H<sub>0</sub>)** There there is no significance differences in the awareness of tax-saving schemes between young and elder salaried/ working individuals

- **Hypothesis (H<sub>1</sub>)** The preference for traditional tax saving option ( such as LIC PPF) and market link option (such as ELSS , NPS) varies significantly

between male and female salaried /working individuals.

**Null Hypothesis (H<sub>0</sub>)** There is no significant difference in the preference for traditional and market-link-tax saving options between male and female salaried /working individuals.

- **Hypothesis (H<sub>1</sub>)** There is a positive relationship between the level of awareness and diversification of tax-saving investment choices.

**Null Hypothesis (H<sub>0</sub>)** There is no significant relationship between the level of awareness and the diversification of tax saving investment choices.

### Testing of Hypothesis:

The following hypotheses were formulated for the study and were tested using the percentage method. The analysis is based on primary data collected from salaried and working individuals through a structured questionnaire.

**H1: There is a significant difference in the awareness of tax-saving schemes between young and elder salaried/working individuals.**

TABLE 1

Age-wise awareness of tax-saving schemes

SR. NO.	PARTICULARS	PERCENTAGE	REFERENCE GRAPH
1	Young individuals are aware of multiple tax-saving schemes	68	5.1
2	Elder individuals are aware of multiple tax-saving schemes	54	5.2

Source: Primary Data

Table 1 highlights a noticeable difference in the level of awareness of tax-saving schemes between young and elder respondents. Young salaried individuals show comparatively higher awareness regarding various tax-saving options as compared to elder individuals. So, based on the results, the alternative hypothesis is accepted and the null hypothesis is rejected.

**H2: The preference for traditional and market-linked tax-saving options varies significantly between male and female salaried/working individuals.**

Table 2

Gender-wise preference for tax-saving investment options

SR. NO.	PARTICULARS	PERCENTAGE	REFERENCE GRAPH
1	Male respondents prefer market-linked tax-saving options	62	5.3
2	Female respondents prefer traditional tax-saving options	70	5.4

Source: Primary Data



Table 2 shows that there is a clear variation in the preference for tax-saving instruments between male and female respondents. Male respondents are more inclined towards market-linked options, whereas female respondents show a stronger preference for traditional tax-saving schemes. Therefore, the findings support the alternative hypothesis, and the null hypothesis is not supported.

**H3: There is a positive relationship between the level of awareness and diversification of tax-saving investment choices.**

**Table 3**

**Relationship between awareness level and diversification of tax-saving investments**

SR. NO.	PARTICULARS	PERCENTAGE	REFERNCE GRAPHS
1	High awareness leads to diversified tax-saving investments	72	5.5
2	Low awareness results in limited tax-saving options	48	5.6

*Source: Primary Data*

Table 3 indicates a positive relationship between awareness levels and diversification of tax-saving investments. Respondents with higher awareness tend to invest in a wider range of tax-saving instruments, whereas those with lower awareness rely on limited options. As a result, the data supports the alternative hypothesis, leading to the rejection of the null hypothesis.

### Methodology of the Study:

#### Geographical area:

The research will focus on **service-class individuals working in Mumbai**, across sectors such as IT, banking, education, healthcare, and government offices.

#### Sampling technique :

A **convenience sampling** method will be used due to feasibility constraints. Efforts will be made to cover respondents from diverse age groups and income brackets.

#### Review of Literature:

A literature review is a comprehensive summary of previously published works on a specific topic. It can appear as a standalone scholarly paper or as a section within a larger work, such as a book, thesis, or research article. The main purpose of a literature review is to give the researcher and readers an understanding of the current state of knowledge on a particular subject. A strong literature review includes a clear research question, an appropriate theoretical framework, and a

well-defined research methodology. It also helps place the current study in the context of existing research and provides background for the reader, typically appearing before the methodology and results sections.

Preparing a literature review is often a key part of graduate and postgraduate studies, forming an essential component of a thesis, dissertation, or journal article. It is also commonly included in research proposals, where it helps justify the study before formal approval. Literature reviews may also take the form of review articles, which summarize current knowledge on a topic, including key findings, theoretical insights, and methodological contributions. These reviews are considered secondary sources, as they analyze and synthesize existing research rather than presenting new experimental results. Unlike book reviews, which provide critiques of individual publications, literature reviews focus on summarizing and evaluating scholarly work in a field. They serve as an important foundation for research across nearly all academic disciplines.

In summary, a literature review helps to:



- Show the researcher's understanding of the chosen topic and the existing body of work.
- Place the current study within the broader academic discussion, emphasizing its relevance and uniqueness.
- Prevent repetition of previous studies.
- Guide the selection of research methods by learning from prior successes and limitations.
- Support hypotheses through evidence from existing research.
- Serve as a useful reference for other researchers interested in the topic.

### Related Review of Literature:

1. Sodi & Bharucha – “The emerging mutual fund industry in India: an impact analysis of investors' awareness on investment behaviour”; Khemka – “A study of investors' awareness and perception about investment in mutual funds”; Vinay & Parvez – studied the information sources used by investors and their impact on investment decisions; Balamurugan, Selvalakshmi & Vasundhara – explored behavioral finance perspectives and factors influencing retail investors; Velmurugan & Ali – analyzed the impact of COVID-19 on equity-oriented mutual funds in India; Kwon, Michelle & Qian – focused on mutual fund investments in private firms. These studies provide useful insights into investor behavior, decision-making, and investment trends.
2. Verma – “A Study on Tax Savings Schemes Adopted by Salaried Assesses in Mumbai”  
The existing literature shows that salaried individuals adopt a variety of tax-saving strategies, often influenced by income level, age, work experience, and financial awareness. Studies consistently highlight that proper tax planning reduces liabilities while encouraging savings and long-term investments. Traditional instruments such as PPF, LIC, NPS, and tax-saving fixed

deposits remain popular, though younger employees increasingly prefer ELSS and insurance-based schemes. Awareness levels vary widely, with urban and mid-income groups showing higher financial literacy compared to others, and the role of employers, online platforms, and financial advisors emerges as crucial in guiding employees toward effective tax planning. Overall, the literature suggests that while tax-saving schemes are widely used, gaps in awareness and perception persist, making structured financial education and advisory support essential for optimizing tax-saving behavior among salaried employees.

### 3. Jain – “Investment Awareness and Financial Literacy of Professionals”

The literature highlights that investment behaviour among individuals is shaped by awareness, financial literacy, demographic characteristics, and external conditions. Studies show that salaried and professional investors prioritize safety, tax benefits, and long-term security, with preferences often leaning towards bank deposits, insurance, PPF, gold, and mutual funds. Research during the COVID-19 period revealed declines in systematic investment plans (SIPs) and shifting attitudes toward short-term and health-related investments, reflecting uncertainty in financial planning. Comparative studies further suggest that gender, income, and occupation play significant roles in shaping investment choices, with working women and younger investors increasingly considering diversified options such as equities and ELSS alongside traditional avenues. Overall, the reviewed literature emphasizes that while awareness of multiple investment instruments exists, gaps remain in financial literacy, risk management, and diversification strategies. This indicates the continuing need for structured financial education, advisory services, and policy interventions to



enhance informed decision-making among professionals and salaried investors.

#### 4. Sumathy – “Awareness and Perception of Investors towards Mutual Fund Investments”

The literature reveals that investors’ decisions in mutual funds are shaped by demographic characteristics, financial literacy, and perceptions of risk and return. Studies show that income, education, and occupation significantly influence investment choices, with most individuals preferring funds that ensure better returns, tax benefits, and regular income. Traditional reliance on advertisements and financial advisors as sources of information highlights the importance of communication in shaping investment awareness. Behavioural perspectives further indicate that while investors are motivated by diversification, safety, and long-term growth, their inclinations are influenced by market volatility and external shocks such as the COVID-19 pandemic. Overall, the reviewed works suggest that increasing awareness, enhancing investor education, and offering innovative yet transparent schemes are critical to bridging gaps in perception and fostering greater participation in the mutual fund industry.

#### 5. Tiwari – “A Study on Tax Savings Strategy Adopted by Salaried Assesses in Mumbai City”

The literature consistently highlights that salaried individuals adopt diverse tax-saving strategies shaped by demographic factors such as age, income, marital status, and work experience. Studies reveal that instruments like Life Insurance Policies, ELSS, tax-saving fixed deposits, NPS, and PPF remain the most preferred, while awareness levels and adoption rates vary significantly across regions. Research further suggests that financial literacy and access to advisory services, online platforms, and employer-provided resources play a vital role in enhancing tax-saving behavior. Younger employees tend to

experiment with modern schemes such as ELSS, whereas older and mid-career employees prioritize traditional, low-risk instruments. Across contexts, proper tax planning has been found to reduce liabilities, encourage savings, and support long-term wealth creation. However, gaps in awareness and misconceptions about tax-saving avenues persist, underscoring the need for structured financial education, advisory support, and organizational initiatives to optimize tax-saving and investment practices among salaried employees.

#### 6. Randhawa, “Impact of Celebrity Endorsement on Consumer Buying Behaviour” – This study

explores how celebrity endorsements shape consumer perceptions and purchase intentions. It finds that while endorsements attract attention and enhance brand recall, quality of the product remains a stronger determinant of purchase decisions. The research highlights that consistent use of celebrities can build credibility, but frequent changes weaken consumer trust. Overall, celebrity endorsement is effective as a marketing tool but works best when aligned with product quality and consumer expectations

#### 7. Lokhande, “A study on investment awareness and the savings and investment patterns of rural investors.”

The study conducted by Lokhande (2015) explores the awareness levels, preferences, and investment behavior of rural investors in Maharashtra. Using a survey of 300 respondents, the research reveals that there is no significant difference in investment awareness between male and female investors, or across different educational levels. The findings indicate that rural investors show a conservative attitude, with a preference for safe and liquid avenues such as bank deposits, gold, jewelry, and real estate, while mutual funds, shares, and debentures are the least preferred. The study



concludes that rural investment behavior is shaped more by safety and liquidity considerations than by returns, emphasizing the need for enhanced financial literacy and inclusion programs to better mobilize rural savings and foster capital formation

8. **Anshu, “Awareness on Tax Planning: A Study of Taxpayers in Haryana”** – This study investigates how well taxpayers in Haryana understand tax planning measures. The findings reveal that while both public and private sector employees are aware of basic deductions under Section 80C (such as LIC and PPF), knowledge about advanced provisions remains limited. The study concludes that low awareness and lack of professional guidance prevent individuals from fully utilizing tax-saving opportunities, highlighting the need for improved financial literacy and advisory support .
9. Patel conducted a study on the awareness levels of individuals regarding various investment avenues, focusing specifically on Surat City. This study examines how individuals in Surat perceive and choose investment options. The findings reveal that most investors prefer safe and traditional avenues such as gold, silver, and fixed deposits, with life insurance also ranking high in awareness. Mutual funds and stock markets remain less popular due to limited financial literacy. Investment decisions are strongly shaped by family, friends, and financial advisors, while safety is the primary factor influencing choices. The study concludes that improving financial literacy and providing better advisory support are essential to encourage diversified investments and promote financial inclusion in Surat City.
10. **Banurekha, “Savings and Investment Pattern of Working Women in Singanallur”** – This study explores the saving and investment behavior of urban working women in Coimbatore. Findings reveal that women prefer safe and low-risk avenues

such as fixed deposits, chit funds, and post office deposits, while insurance and shares are the most common investment tools. The research highlights that income and educational qualification influence investment awareness and experience, but overall risk-taking remains limited. The study concludes that women investors prioritize safety and stability over high-risk, high-return opportunities, underscoring the need for greater financial literacy and awareness

11. **Kadam, “Investment Pattern of Salaried Person in Mumbai”**- This study explores the saving and investment behavior of salaried individuals residing in Mumbai. It finds that most employees prefer safe and traditional investment avenues such as fixed deposits, life insurance, and gold, while showing limited interest in high-risk options like mutual funds and equities. The research highlights that factors such as age, income, and family responsibilities strongly influence investment choices. It concludes that salaried individuals prioritize safety and liquidity over returns, stressing the importance of financial awareness programs to encourage diversified investment practices .
12. **Greeshma, “A Study on Investors Attitude Towards Post Office Saving Schemes with Special Reference to Mavoor Post Office”** This study examines investors’ perceptions and usage of post office savings schemes, with a focus on Mavoor, Kerala. It finds that lower and middle-income households prefer these schemes because of their safety, guaranteed returns, and accessibility, with the Public Provident Fund and Senior Citizen Savings Scheme being most popular. Although customer satisfaction with post office savings schemes is generally high, the study identifies key challenges, including unclear information and limited awareness of tax benefits. It suggests that enhancing financial literacy, simplifying scheme



details, and improving communication can increase participation and make these savings schemes more effective in promoting financial inclusion.

**13. Kalyani, “ A study on awareness and investment in retirement planning among investors in Mumbai”.** The study emphasizes the increasing need for retirement planning in India due to reduced joint family support and limited employer pension coverage. Based on responses from 82 investors, it found a significant relationship between age, income, education, and awareness of pension schemes. While many investors preferred safe options such as fixed deposits, PPF, and gold, overall awareness of pension products was low. Most respondents had not yet planned for retirement, citing insufficient savings and other financial priorities. The study concludes that improving financial literacy and awareness is crucial to promote early and effective retirement planning.

**14. Parmar, “A Study on Investment Pattern of Salaried Individual with Special Reference to Mumbai City”** – This paper analyzes the savings and investment behavior of salaried employees in Mumbai, highlighting their preference for safe instruments like fixed deposits, PPF, and gold, while younger and higher-income individuals show more interest in equities and mutual funds. The study emphasizes that risk appetite, income, and awareness strongly influence investment decisions. It concludes that despite growing financial options, most salaried individuals remain conservative, underlining the need for better financial education and innovative schemes to encourage diversified investments.

**15. Sharma – “Investment Pattern of Salaried Class in Mumbai”:**

Sharma examined the saving and investment habits of salaried employees in Mumbai. The study

revealed that most respondents preferred traditional, low-risk investment options such as fixed deposits, LIC policies, and provident funds, while only a small proportion invested in high-risk avenues like equities and mutual funds. Demographic factors, including age, income, and family responsibilities, were found to significantly shape investment behavior. The study concluded that salaried individuals generally remain conservative investors, emphasizing safety and stability over higher returns.

**16. Rajesh – “Investment Behaviour of Working Women in India” :**

Rajesh focused on the financial decision-making and investment patterns of employed women in India. The findings indicated that working women largely prefer safe and traditional investment options such as bank deposits, gold, and life insurance, with limited engagement in high-risk avenues like mutual funds or equities due to lower risk appetite and insufficient financial literacy. The study highlighted the role of income, family responsibilities, and awareness in shaping investment choices and concluded that financial education could enhance women’s participation in diverse investment avenues.

**17. Megnani – “Investment Awareness among Working Women” :**

Megnani investigated the investment awareness and decision-making patterns of working women in the banking sector of Mumbai. While 80% of respondents were aware of investment options, most preferred low-risk avenues like fixed deposits and bonds rather than equities. Factors such as age, marital status, and education were found to influence investment decisions, with family guidance playing a central role. The study emphasized women’s growing financial independence but also highlighted the need for



enhanced financial literacy to strengthen their role as independent investors.

### 18. Sivakumar – “Investment Behaviour of Salaried Class Investors” :

Sivakumar studied the saving and investment behavior of salaried individuals, noting a clear preference for traditional and low-risk options, including fixed deposits, LIC policies, and provident funds. Demographic factors such as age, income, and family commitments significantly influenced investment decisions. The study concluded that although awareness of financial instruments is increasing, salaried investors remain conservative, prioritizing security and stability over higher returns

### 19. Rani – “Financial Literacy Among Investors in Gurugram” :

Rani examined the financial literacy of retail investors in Gurugram. The study found that while respondents generally had a good understanding of basic concepts such as savings accounts and inflation, awareness of advanced instruments like mutual funds and debentures was considerably lower. The authors concluded that improving financial literacy is essential for strengthening investment behavior and supporting overall economic growth..

### 20. Kumari – “Investment Pattern of Salaried Individuals” :

Kumari analyzed the financial behavior of salaried employees, revealing a strong preference for safe and traditional investment avenues such as fixed deposits, provident funds, and insurance. Risk appetite among respondents was low, with limited participation in equities or mutual funds. Demographic factors including age, income, and family responsibilities were found to shape investment decisions. The study concluded that salaried individuals remain conservative investors,

giving priority to security and stable returns over higher-risk opportunities.

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