



“A Study On Salaried Women’s Perception Towards Public Provident Fund Account With Reference To Thane District”

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Abstract

“The hardest thing in the world is to understand income tax – Albert Einstein.”

An investment is commitment of funds made in the expectation of some positive rate of return. Tax-saving is an important part of financial planning. It is an important concept as it helps in gaining deductions available from 80 C and other deductions. The present paper focuses on the role of PPF in generating profitable return as well as a tax saving avenue for the investors. This study confined to analyse the perception of salaried women towards PPF as a tax saving scheme in Thane District only. The study attempts to provide insight to the understanding of tax saving instrument that suits the needs and goals of salaried women, especially towards PPF account. The present study selects 100 respondents as sample by using random sampling technique. The convenient random sampling method was used for data design and Percentage Analysis were the statistical tools used. Most of the respondents are having the positive perception towards PPF as tax savings scheme for the purpose of more tax benefits. Government should encourage small saving schemes which helps to increase the Government fund and Government should use that fund for further investment. It leads to fund generation in the economy. This fund will be used for economic development of a country. Through this, over all development of a country is possible. It is concluded that Investors (Salaried Women) are interested or hope to

achieve higher reward. So, they carefully plan, evaluate and allocate funds in various investment avenues, which offer safety of principal and continued return.

Key words: Salaried women, PPF.

INTRODUCTION

“The hardest thing in the world is to understand income tax – Albert Einstein.”

Tax-saving is an important part of financial planning. Tax saving is an important concept as it helps in gaining deductions available from 80 C and other deductions. The present paper focuses on the role of PPF in generating profitable return as well as a tax saving avenue for the investors. PPF Scheme came into force in 1968 and guaranteed by Central Government of India. PPF account is completely protected as the scheme is backed by the Government of India and making it fully risk-free with guaranteed returns. PPF is liquid deposit with 15-years lock in stipulated with this account. The investment in PPF is totally exempt from the tax as per The Income Tax Act, 1961 and interest income is exempt in accordance with Section 10 of the act.

Glimpse of Public Provident Fund Scheme, 1968

SR. No.	Particulars	
1.	Tax saving instrument	u/s 80C
2.	Rate of interest	7.1% p.a.
3.	Minimum Deposit	₹ 500
4.	Maximum Deposit	₹. 1,50,000 p.a.
5.	Interest on Deposit	Totally tax free
6.	<ul style="list-style-type: none"> • Loan facility • Rate of Interest on Loan • Second Loan 	<ul style="list-style-type: none"> • Available from third financial year up to fifth financial year. • 2% more than the prevailing rate of interest on PPF. • Available only after the full payment of the first loan.
7.	Minimum lock-in period	15 years. Thereafter, on application by the subscriber, it can be extended for 1 or more blocks of 5 years each.
8.	Frequency of deposit payment	Once in a year and is not necessary to make a deposit in every month of the year
9.	Eligibility	Only resident of India eligible to open an account.
10.	Maturity Options	
	Complete Withdrawal	Subscriber can opt to withdraw the whole amount after the completion of 15 years.
	Extend the PPF account with no contribution	PPF account can be extended after the completion of 15 years, subscriber doesn't need to put any amount after the maturity.
	Extend the PPF account with contribution	With this option subscriber can put money in his PPF account after extension.

STATEMENT OF PROBLEM

PPF is an individual account system under which individuals are allowed to open accounts with some nationalized Banks or post offices. Public provident fund schemes providing a social security for the old and poor particularly for those whose lifetime income is low or who cannot offer to pay for building a reasonable retirement income. So, this paper mainly focused on Public Provident Fund as a tax saving scheme and also most of the people don't know Public Provident Fund Account helps to save the money for long time and gives several benefits to people.

REVIEW OF LITERATURE

- Mukul G Asher (2010) made a study on “Pension Plans, Provident Fund Scheme and Retirement Policies: India’s Social Security Reform Imperative”, in his article he explained that the main objectives of any social security (or social protection) system are consumption smoothing over an individual’s lifetime: insurance (mainly against longevity and inflation risks) income redistribution for society as, social protection denotes major branches of social security.
- Dr. Dhiraj Jain and Ms. RuhikaKoyhari (July, 2012) made a study on “Investors Attitude Towards Post Office Deposits Scheme-Empirical Study in Udaipur district, Rajasthan”, in their article they explained that for more than 150 years, the department of post (DOP) has been the backbone of the country’s communication and has played a vital role to connect the whole of the country and has also provided banking facilities in the absence of banks but over time.
- Dharendra Kumar (March, 2014) made a study on “Investing in NPS or PPF to Save Tax? Check out ELSS too”, in his article he explained that PPF and NPS offer tax saving advantage along with a much shorter lock in period of three years. While the short lock in might make it tempting to withdraw them early.
- Manisha Gupta, Anurag Agarwal and Jyothi Rastogi (February, 2014) made a study on “Provident Fund: Retirement Benefit of Government Employees”, in their article they found that PPF is a long-term savings instrument established by the central government, which offers tax concessions on savings as well as withdrawal after the lock-in period.
- Padmaja Ganpatye (2017) she made study on “the need of holistic approach for retirement planning a study” She told about retirement planning and its importance. Then says different alternatives plans available in the market like NPS, EPF, PPF, under PPF Government pay fixed interest on the amount invested every year in PPF account.

OBJECTIVES OF STUDY

1. To understand the concept of Public Provident Fund (PPF) as a Tax saving scheme.
2. To assess the awareness level about PPF Account and its deduction in income tax law.
3. To analyse the perception of salaried women towards PPF Account with reference to Thane District.
4. To offer suitable suggestions for the improvement of PPF system in India in the light of findings of the study.

SCOPE OF STUDY

The present study confined to analyse the perceptions of salaried women towards PPF as a tax saving scheme in Thane District only. The study attempts to provide insight to the understanding of tax saving instrument that suits the needs and goals of salaried women, especially towards PPF account.

RESEARCH METHODOLOGY

Sources of data:

The present study has taken both primary and secondary data. Primary data collected through survey method (by using questionnaire) and secondary data collected through articles, books, Journals, explanatory memorandum on the budget of central government, reports of various committees, Reports of Ministry of Finance, newspapers and moreover websites related to PPF, newspapers etc.

Sample Size/Design - The present study selects 100 respondents as sample by using random sampling technique.

Primary data includes questionnaire and collects responses by creating Google form.

The convenient random sampling method was used for data design and Percentage Analysis were the statistical tools used.

ANALYSIS AND INTERPRETATION OF DATA:

Demographic Profile of the Respondents

SR. No.	Particulars	No. of Respondents	Percentage (%)
1.	Age		
	26-35 years	-	-
	36-45 years	2	2
	46-55 years	10	10
	Above 55 years	88	88
Total		100	100
2.	Qualification		
	Graduation	24	24
	Post-Graduation	66	66
	Others	10	10
Total		100	100
3.	Occupation		
	Government employee	70	70
	Private employee	16	16
	Business	10	10
	Others	4	4
Total		100	100
4.	Annual Income (in ₹)		
	Up to 3,00,000	-	-
	3,00,001-5,00,000	40	40
	5,00,001-10,00,000	22	22
	Above 10,00,000	38	38
Total		100	100

SR. No.	Particulars	No. of Respondents	Percentage (%)
1.	Percentage of Savings in PPF A/c out of Annual Income		
	Up to 10%	80	80
	11%-20%	20	20
	21%-30%	-	-
	Above 30%	-	-
Total		100	100
2.	Reasons to prefer the PPF		
	Individual risk coverage	12	12

	Tax benefits	80	80
	Child Future	8	8
	Total	100	100
3.	Minimum amount deposited in PPFs Account (₹)		
	500-5,000	30	30
	5,001-50,000	40	40
	50,001-1,00,000	20	20
	1,00,001-1,50,000	10	10
	Total	100	100
4.	Overall Perception towards PPF		
	Positive	80	80
	Negative	20	20
	Total	100	100

PPF is best investment	No. of respondents	Percentages (%)
Agree	10	10
Slightly agree	24	24
Neutral	63	63
Disagree	3	3
Strongly disagree	0	0
Total	100	100

(Source: Primary Data)

FINDINGS OF STUDY

- ❖ Majority of the respondents come under the age group of above 55 years and they are retired people.
- ❖ The reason for deposit their funds in PPF is because of future purpose.
- ❖ Respondents are investing their savings up to the mark of 10% out of total annual income.
- ❖ Most of the respondents deposit under the mark of ₹ 3,00,001 - ₹ 5,00,000 in PPF account.
- ❖ Respondents prefer the PPF scheme because it is having more tax benefit as compare to other benefits like it is an allowable deduction on a tax return intended to reduce a tax payer's burden while typically supporting certain types of commercial activity.
- ❖ Most of the respondents are having the positive perception towards PPF as tax saving scheme for the purpose of more tax benefits.

SUGGESTIONS

- Some kind of risk pooling schemes should be introduced and developed once the proposed system reaches maturity.
- Some financial engineering needs to be introduced so that the low-income people can take the opportunity of depositing in PPF.
- There should be hike in interest rates on the deposits of the PPF.
- The duration of the deposit should be reduced from the present time period.
- Further financial assistance should be provided as they deposit their savings for a fixed period of time.
- Further the benefits should be increased in the form of investment limits.
- Maturity period of PPF should be reduced to 10 years so that the investors think it is not very high maturity period and it will be convenient to them.
- Government should take necessary steps to educate the investors through various camps and demonstrations.
- If people get employed, automatically saving habit will be grown. So Government should take necessary steps in order to create employment to all the people.
- Government should create an environment in education system that should provide practical knowledge in order to cultivate the saving and investment habit of the students at their education level.

RECOMMENDATIONS

- It is recommended that Government should not reduce the interest rates further anymore. Otherwise the middle class will lose their savings habit.
- Instead of reducing the rates quarterly, the Government can reduce annually.
- The Government should encourage small saving schemes because such investment increases the Government fund and further Government can invest such fund for its new valuable projects.
- Most of the people prefer only common investment option, because of lack of awareness about other avenues like equity, mutual fund etc. so they should read newspapers, journals and articles regularly.
- To enhance the saving habit, the saving mode must attract people by providing many offers and new attractive schemes.
- Create awareness about tax benefit of PPF account through newspapers, TV and other media in order to know the real information about PPF account.
- Government should encourage small saving schemes which helps to increase the Government fund and Government should use that fund for further investment. It leads to fund generation in the economy. This fund will be used for economic development of a country. Through this, over all development of a country is possible.

LIMITATIONS OF STUDY

- ❖ It was difficult to obtain the data as the people who file Income Tax Returns were unwilling to give the information.
- ❖ It was difficult for some of the people to fill the deductions they were eligible for as they get the returns filed by Chartered Accountants and others.

CONCLUSION

An investment is commitment of funds made in the expectation of some positive rate of return. Investors are interested or hope to achieve higher reward. So, they carefully plan, evaluate and allocate funds in various investment avenues, which offer safety of principal and continued return. In present day almost all the people interested to invest one or more avenues for safety purpose. Among the entire investment avenue, PPF is the most benefited investment avenue. We get deduction under income tax Act 1961 u/s 80C on interest and deposited amount on PPF account. Risk is also very low compare to all other investment avenues, because it is guaranteed by the Government of India. This investment is less preferable investment avenue because of lack of awareness. This is only preferred by majority of Government employees in order to avoid the tax burden. Common people are not aware about this scheme. They only know the common investment like bank fixed deposit, mutual fund, LIC etc. because they are well known about these investments and getting information through media or agents.

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ANNEXURE**QUESTIONNAIRE:**

1. Age: (a) 26-35 (b) 36-45 (c) 46-55 (d) 55 & Above.
2. Occupation: (a) Government Employee (b) Private Employee (c) Business (d) Other.
3. Annual Income (In ₹):
(a) Below 3,00,000 (b) 3,00,001-5,00,000 (c) 5,00,001-10,00,000 (d) Above 10,00,000
4. Do you file Income Tax Returns? (a) Yes (b) No
5. Are you aware about the Tax Deductions available under Sec 80(C) (a) Yes (b) No
6. What is the major reason for selecting PPF as an investment avenue?
(a) Returns (b) Tax Deductions (c) Savings for Uncertainties.
7. Are you satisfied from Investment in PPF?
(a) Highly satisfied (b) Satisfied (c) Neutral (d) Dissatisfied (e) Highly dissatisfied

