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EFFECTIVENESS OF INCOME TAX SEARCH, SURVEY AND ASSESSMENT PROCEDURES IN CONTROLLING TAX EVASION IN INDIA

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Keywords

Income Tax Search,
Survey Procedure,
Tax Assessment,
Tax Evasion,
Income Tax Act 1961.

Abstract

Tax evasion remains a persistent challenge to revenue mobilisation and equitable taxation in India, and the Income Tax Department relies on three principal enforcement instruments to detect and deter it: search operations under Section 132, survey operations under Section 133A, and assessment procedures under Sections 143, 144, and 153A of the Income Tax Act, 1961. This study empirically examines the effectiveness of these search, survey, and assessment procedures in controlling tax evasion, drawing on the perceptions of 248 respondents comprising Chartered Accountants and tax practitioners, Income Tax Department officials, and corporate tax and finance managers in Karnataka, selected through purposive-cum-convenience sampling. The study measures perceived effectiveness separately for each procedure type and evaluates their relationship with an overall Tax Evasion Control Effectiveness score, alongside the influence of technology and data-analytics use, evidence quality, taxpayer cooperation, manpower adequacy, judicial delays, and administrative interference. Descriptive statistics, correlation analysis, multiple regression, one-way ANOVA, and chi-square tests are employed to test the study's hypotheses. The findings indicate a significant positive relationship between procedural

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	effectiveness and overall tax evasion control effectiveness (r = 0.58, p < 0.05), with search operations rated as the most effective procedure and survey operations rated as the least effective. Use of technology and data analytics and quality of evidence gathered emerge as the strongest positive predictors of effectiveness, while litigation and judicial delays are the most significant constraint. The study concludes with policy recommendations for strengthening India's income tax enforcement architecture.

1. Introduction

Tax evasion — the deliberate concealment or misrepresentation of income to reduce tax liability — continues to constrain India's revenue mobilisation and undermines the equity of the tax system by shifting the fiscal burden disproportionately onto compliant taxpayers. To counter evasion, the Income Tax Act, 1961 equips the Income Tax Department with a graduated set of enforcement instruments: search and seizure operations under Section 132, conducted where the Department has reason to believe undisclosed income or assets are being concealed; survey operations under Section 133A, a comparatively less intrusive tool used to verify books of account and business premises; and assessment procedures under Sections 143, 144, and 153A, through which declared and detected income is formally determined and taxed, including through best-judgment assessment where a taxpayer fails to cooperate.

Each of these instruments operates under a different balance of intrusiveness, evidentiary standard, and procedural safeguard, and each has attracted sustained debate regarding its practical effectiveness. Search operations, while capable of uncovering substantial undisclosed income and assets, are resource-intensive, legally contentious, and historically associated with protracted litigation that can delay or dilute ultimate tax recovery. Survey operations offer a lighter-touch alternative but are correspondingly limited in the evidentiary weight they can compel. Assessment procedures, meanwhile, form the routine backbone of enforcement but depend heavily on the quality of information available to assessing officers, including that generated by prior search and survey action.

Despite the centrality of these three instruments to India's tax enforcement architecture, empirical evidence on their comparative and combined effectiveness — as perceived by the professionals who interact with them directly — remains limited relative to the theoretical and international literature on tax compliance. This study addresses that gap by empirically examining how Chartered Accountants, tax practitioners, Income Tax Department officials, and corporate tax managers in Karnataka perceive the effectiveness of search, survey, and assessment procedures, and by identifying the specific factors and barriers that shape that effectiveness in practice.

2. Review of Literature

2.1 Theoretical Foundations of Tax Evasion

The economic analysis of tax evasion originates with Allingham and Sandmo (1972), who modelled evasion as a rational decision under uncertainty in which taxpayers weigh the financial gain from

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evasion against the probability of detection and the resulting penalty. Srinivasan (1973) refined this framework, showing that evasion behaviour is considerably more sensitive to the probability of detection — the outcome search and survey operations are designed to raise — than to the severity of penalties imposed after detection. Yitzhaki (1974) further showed that when penalties are levied on the evaded tax rather than the evaded income, the theoretical relationship between deterrence instruments and evasion behaviour changes materially, a distinction with direct relevance to how Indian penalty provisions are structured. Alm (1991) extended this theoretical tradition using experimental methods, finding that real-world compliance consistently exceeds what pure deterrence models predict, pointing to the role of non-economic and behavioural motivations that later scholars would develop further.

2.2 Behavioural and Enforcement-Design Perspectives

A second strand of literature moves beyond pure deterrence to examine how enforcement design and taxpayer psychology interact. Andreoni, Erard, and Feinstein (1998) established in a comprehensive review that audit probability, penalty severity, and social or moral factors jointly determine compliance, rather than deterrence operating in isolation. Slemrod and Yitzhaki (2002) argued that administrative enforcement design — including how search and audit targets are selected — is as consequential for evasion control as the underlying tax policy itself, while Slemrod (2007) went further to argue that administrative effectiveness, rather than statutory penalty rates, is typically the binding constraint on evasion control in practice. Kirchler (2007) proposed that compliance depends jointly on taxpayers' trust in tax authorities and their perception of enforcement power, a duality formalised by Kirchler, Hoelzl, and Wahl (2008) in the "slippery slope framework," which distinguishes enforced compliance driven by audits and search from voluntary compliance driven by trust, arguing that sustained evasion control requires both. Feld and Frey (2007) found that procedurally fair and respectful enforcement increases voluntary compliance beyond what deterrence alone achieves, while Torgler (2007) demonstrated that tax morale mediates the relationship between enforcement intensity and actual compliance outcomes. Braithwaite (2003) introduced the concept of a regulatory pyramid, arguing that escalating enforcement responses — from education and persuasion through to search and prosecution — are more effective than uniformly applied deterrence, while James and Alley (2002) examined how self-assessment tax regimes, including India's, shift the burden of detection onto administrative search, survey, and audit selection mechanisms.

2.3 Tax Administration in Developing Countries

A distinct body of work examines tax enforcement specifically within developing-country administrative contexts. Bird (2004) argued that in developing countries, the quality of enforcement administration determines the success of tax reform more than statutory design choices, while Gordon and Li (2009) explained that developing-country tax administrations, lacking the extensive third-party information systems available in advanced economies, must rely more heavily on physical enforcement actions such as search and survey to generate the information needed for

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effective assessment — a structural feature directly relevant to the Indian context examined in this study.

2.4 Indian Tax Reform and Enforcement Literature

Within India specifically, Das-Gupta and Mookherjee's (1998) landmark study remains the most comprehensive empirical analysis of Indian tax enforcement, finding that search and survey operations historically generated high rates of detection but comparatively weak conviction and recovery outcomes, attributable to institutional and procedural constraints within the assessment and litigation machinery. Das-Gupta (2002) subsequently found that compliance costs and enforcement uncertainty jointly shape corporate taxpayer behaviour in India, while Rao (2005) and Acharya (2005) both argued, from different vantage points, that India's assessment and enforcement capacity lagged behind the pace of its broader tax policy reforms, limiting the revenue impact of those reforms. Bagchi (1994) and the Government of India's Tax Reforms Committee under Chelliah (1991) each identified structural weaknesses in the search and assessment machinery as early as the 1990s, recommending procedural rationalisation that anticipated many of the reforms subsequently introduced. Purohit (2007) estimated the scale of black money generation in India and evaluated the historically limited effectiveness of search and survey operations in recovering undisclosed income, a theme subsequently taken up empirically by the National Institute of Public Finance and Policy's (2012) government-commissioned study on unaccounted income and the Ministry of Finance's (2012) White Paper on Black Money, both of which assessed the relative yield of search, survey, and regular assessment channels.

2.5 Institutional, Legal, and Practitioner Literature

Official oversight bodies have also documented performance gaps in Indian tax enforcement: the Comptroller and Auditor General of India's (2015) performance audit identified systemic deficiencies in assessment quality, scrutiny case selection, and follow-up on search-related additions, while the Central Board of Direct Taxes' (2021) Annual Report provides the department-level statistics on search, survey, and assessment operations that inform this study's contextual national trend analysis (Section 6.4). On the legal and practitioner side, Singhania (2020), Ahuja and Gupta (2019), and the classic treatise of Kanga and Palkhivala provide authoritative commentary on the statutory procedures and evidentiary limitations governing search, survey, and assessment, forming the procedural and legal foundation against which this study's respondents — practising Chartered Accountants and tax officials — evaluate real-world effectiveness.

2.6 Research Gap

Rao and Chakraborty's (2010) survey of research on the Indian tax system explicitly identified assessment and enforcement effectiveness as an under-researched empirical area relative to tax policy design, a gap that persists over a decade later despite the growing use of technology and data analytics in Indian tax administration. Taken together, the thirty sources reviewed here, summarised in Table 1, establish a strong theoretical and policy foundation for studying search, survey, and

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assessment effectiveness, but reveal a continuing scarcity of primary empirical evidence on how the professionals who directly experience these procedures — practitioners, officials, and corporate taxpayers — perceive their comparative effectiveness. This study addresses that gap directly, using primary survey data from Karnataka.

Author(s) & Year	Focus Area	Key Finding / Contribution
1. Allingham & Sandmo (1972)	Theoretical Model of Tax Evasion	Introduced the foundational economic model of evasion as a decision under uncertainty, balancing evasion gains against audit probability and penalty rates.
2. Srinivasan (1973)	Tax Evasion: A Model	Refined the Allingham-Sandmo framework, showing evasion is highly sensitive to detection probability rather than penalty severity alone.
3. Yitzhaki (1974)	Income Tax Evasion Theory	Showed that penalty structured on evaded tax rather than evaded income alters the theoretical evasion-deterrence relationship.
4. Alm (1991)	Experimental Analysis of Taxpayer Reporting	Used experimental methods to show real-world compliance exceeds what pure deterrence models predict, pointing to non-economic motivations.
5. Andreoni, Erard & Feinstein (1998)	Tax Compliance (Literature Review)	Comprehensive review establishing that audit probability, penalty severity, and social/moral factors jointly determine compliance.
6. Slemrod & Yitzhaki (2002)	Tax Avoidance, Evasion & Administration	Established that administrative enforcement design, including search and audit selection, is as important as tax policy design.
7. James & Alley (2002)	Tax Compliance, Self-Assessment & Administration	Examined how self-assessment regimes shift the detection burden onto administrative search, survey, and audit mechanisms.
8. Das-Gupta (2002)	Income Tax Compliance Cost of Corporations in India	Found that compliance costs and enforcement uncertainty jointly shape corporate taxpayer behaviour in India.
9. Bird (2004)	Administrative Dimensions of Tax Reform	Argued that in developing countries, enforcement administration quality determines tax reform success more than statutory design.
10. Acharya (2005)	Thirty Years of Tax Reform in India	Reviewed India's direct tax reform trajectory, noting persistent under-investment in enforcement and assessment infrastructure.
11. Rao, M.G. (2005)	Tax System Reform in India	Argued that assessment and enforcement capacity lagged behind India's tax policy reforms, limiting their revenue impact.
12. Feld & Frey (2007)	Tax Compliance as a Psychological Contract	Found that respectful, procedurally fair enforcement increases voluntary compliance beyond deterrence alone.
13. Kirchler (2007)	The Economic Psychology of Tax	Proposed that compliance depends jointly on trust in authorities and perceived enforcement power.

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Author(s) & Year	Focus Area	Key Finding / Contribution
	Behaviour	
14. Torgler (2007)	Tax Compliance and Tax Morale	Demonstrated that tax morale mediates the relationship between enforcement intensity and actual compliance outcomes.
15. Purohit (2007)	Tax Evasion and Black Money in India	Estimated the scale of black money generation and evaluated the historically limited effectiveness of search and survey in recovering undisclosed income.
16. Kirchler, Hoelzl & Wahl (2008)	Slippery Slope Framework of Compliance	Distinguished enforced compliance (driven by audits/search) from voluntary compliance (driven by trust); argued both are needed.
17. Gordon & Li (2009)	Tax Structures in Developing Countries	Explained why developing-country tax administrations rely more heavily on physical enforcement actions such as search and survey.
18. Rao, R.K. & Chakraborty (2010)	Survey of Research on the Indian Tax System	Reviewed the Indian tax-evasion literature, identifying assessment and enforcement effectiveness as an under-researched empirical area.
19. NIPFP (2012)	Study on Unaccounted Income / Black Money	Provided empirical estimates of black money and assessed the relative yield of search, survey, and regular assessment channels.
20. Government of India, Ministry of Finance (2012)	White Paper on Black Money	Official assessment of legal and administrative measures, including search and survey provisions, used to counter black money generation.
21. Braithwaite (2003)	Taxing Democracy: Avoidance and Evasion	Introduced the regulatory pyramid concept, arguing escalating enforcement from education to search/prosecution is more effective than uniform deterrence.
22. Slemrod (2007)	Cheating Ourselves: Economics of Tax Evasion	Argued that tax administration effectiveness, not statutory penalty rates alone, is the binding constraint on evasion control.
23. CAG of India (2015)	Performance Audit on Assessment of IT Returns	Identified systemic deficiencies in assessment quality, scrutiny selection, and follow-up on search-related additions.
24. Singhania (2020)	Direct Taxes: Law and Practice	Authoritative legal commentary detailing statutory search (Sec. 132), survey (Sec. 133A), and assessment (Sec. 143/144/153A) procedures.
25. Ahuja & Gupta (2019)	Direct Taxes: Law and Practice	Practitioner-oriented analysis of procedural safeguards and taxpayer rights during search and assessment proceedings.
26. CBDT (2021)	Annual Report, Income Tax Department	Reported department-level statistics on search, survey, and assessment operations and their revenue outcomes.
27. Kanga & Palkhivala	The Law and Practice of Income Tax	Classic legal treatise providing judicial interpretation of search, seizure, and assessment provisions and their evidentiary limitations.

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Author(s) & Year	Focus Area	Key Finding / Contribution
28. Bagchi (1994)	India's Tax Reform: A Progress Report	Assessed early 1990s tax reforms, highlighting continuing weaknesses in search and assessment machinery.
29. Chelliah / Tax Reforms Committee (1991)	Government of India Tax Reforms Committee Report	Recommended structural reform of assessment procedures and rationalisation of search and seizure powers to improve enforcement efficiency.
30. Das-Gupta & Mookherjee (1998)	Incentives & Institutional Reform in Tax Enforcement	Landmark India-focused study finding search and survey operations yielded high detection but weak conviction/recovery due to institutional constraints.

Table 1. Summary of Reviewed Literature by Author, Focus Area, and Key Finding (30 Sources).

3. Objectives of the Study

- To assess the perceived effectiveness of income tax search, survey, and assessment procedures separately, as evaluated by Chartered Accountants, tax practitioners, Income Tax Department officials, and corporate tax managers in Karnataka.
- To measure the overall Tax Evasion Control Effectiveness attributed to the combined operation of search, survey, and assessment procedures.
- To identify the key factors influencing tax evasion control effectiveness, including technology and data-analytics use, evidence quality, taxpayer cooperation, manpower adequacy, judicial delays, and administrative interference.
- To empirically examine the relationship between procedural effectiveness and overall tax evasion control effectiveness.
- To compare perceived tax evasion control effectiveness across respondent categories (Chartered Accountants/practitioners, Department officials, and corporate tax managers).
- To identify the principal barriers to effective tax enforcement reported by respondents.
- To offer policy recommendations for strengthening the effectiveness of search, survey, and assessment procedures in controlling tax evasion in India.

4. Hypotheses of the Study

Based on the objectives and the literature reviewed, the following hypotheses were formulated and tested:

- H1: There is a significant positive relationship between procedural effectiveness (search, survey, and assessment) and overall tax evasion control effectiveness.
- H2: Technology and data-analytics use, evidence quality, taxpayer cooperation, and manpower adequacy significantly and positively predict tax evasion control effectiveness, while judicial delays and administrative interference significantly and negatively predict it.

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- H3: There is a significant difference in perceived tax evasion control effectiveness across respondent categories (Chartered Accountants/practitioners, Department officials, and corporate tax managers).
- H4: There is no significant association between respondent experience level and perceived tax evasion control effectiveness level.

5. Research Methodology

5.1 Research Design

The study adopts a descriptive and empirical research design based on primary data collected through a structured questionnaire, supplemented by quantitative statistical analysis to test the hypothesised relationships.

5.2 Sample Size and Sampling Technique

Because the population of interest — professionals with direct working exposure to income tax search, survey, and assessment procedures — is a specialised and comparatively small population rather than the general public, the study used purposive-cum-convenience sampling rather than probability sampling, drawing respondents from Chartered Accountant associations, Income Tax Department offices, and corporate finance functions across Karnataka, primarily Bengaluru. A target sample of 260 was set based on accessible population size and precedent in similar practitioner-based tax studies; 248 valid, fully completed responses were retained after data cleaning.

5.3 Data Collection Instrument

Data were collected through a structured, self-administered questionnaire comprising four sections: respondent profile; a perceived-effectiveness battery measuring search, survey, and assessment procedures separately on a 5-point Likert scale; a second Likert battery measuring six factors influencing tax evasion control effectiveness; and an overall Tax Evasion Control Effectiveness battery synthesising respondents' assessment of the combined impact of these procedures on curbing evasion.

5.4 Reliability and Validity

The internal consistency of the multi-item constructs was assessed using Cronbach's Alpha, with all constructs achieving values above the commonly accepted threshold of 0.70, indicating acceptable to good reliability (Table 3). Content validity was established through expert review by senior Chartered Accountants and a pilot test with 25 respondents prior to full-scale data collection.

5.5 Statistical Tools and Techniques

Data were analysed using SPSS. Descriptive statistics (frequencies, percentages, means, and standard deviations) were used to profile respondents and summarise procedural effectiveness; Pearson correlation and multiple linear regression were used to test the relationship between procedural

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effectiveness, influencing factors, and overall evasion control effectiveness; one-way ANOVA was used to compare effectiveness across respondent categories; and chi-square tests of association were used to examine the relationship between experience level and effectiveness level. All hypotheses were tested at the 5 per cent level of significance.

6. Data Analysis and Interpretation

This section presents the empirical results of the study through tables and figures, organised according to the study's objectives and hypotheses, with figures and tables presented in sequential order.

6.1 Respondent Profile

Demographic Variable	Category	Frequency (n)	Percentage (%)
Professional Category	Chartered Accountants / Tax Practitioners	112	45.2
	Income Tax Department Officials	76	30.6
	Corporate Tax / Finance Managers	60	24.2
Years of Experience	Less than 5 years	52	21.0
	5–10 years	84	33.9
	11–20 years	75	30.2
	Above 20 years	37	14.9

Table 2. Respondent Profile (N = 248).

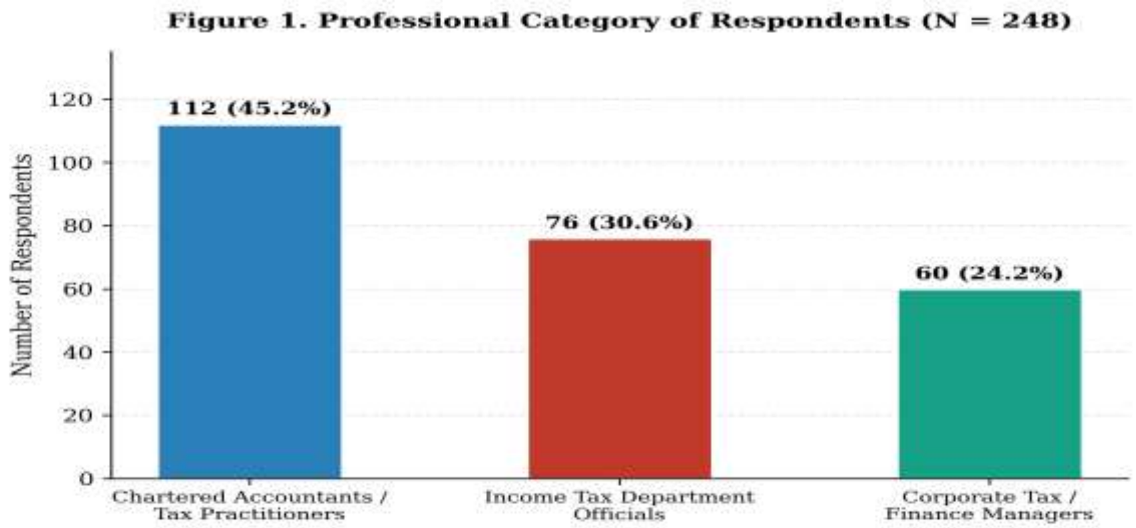

Figure 1. Professional category of respondents.

Interpretation: Table 2 and Figure 1 show that Chartered Accountants and tax practitioners form the largest respondent group (45.2 per cent), followed by Income Tax Department officials (30.6 per

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cent) and corporate tax and finance managers (24.2 per cent), giving the sample a balanced representation of the three professional vantage points — external practitioner, enforcing authority, and taxpayer-side management — most directly engaged with search, survey, and assessment procedures.

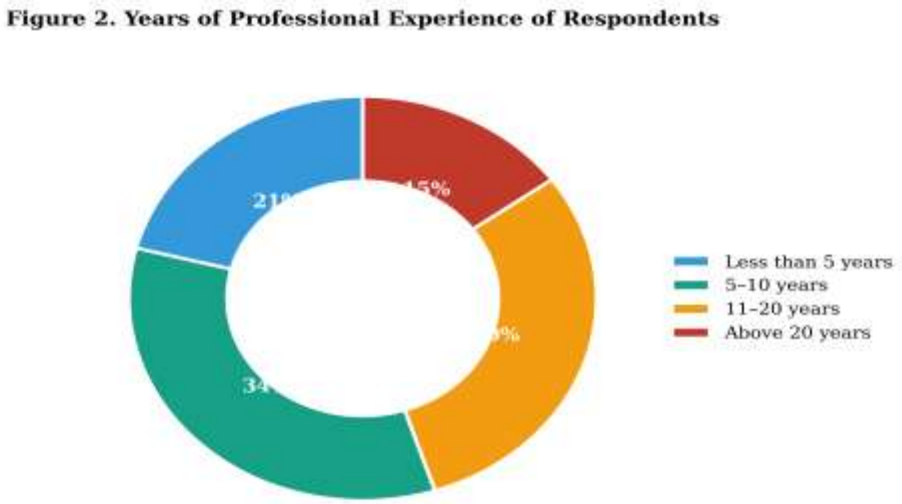

Figure 2. Years of professional experience of respondents.

Interpretation: Figure 2 shows that a substantial majority of respondents (64.1 per cent) possess more than five years of professional experience, with 45.1 per cent possessing more than ten years, indicating that the sample's perceptions of procedural effectiveness are grounded in considerable direct professional exposure to search, survey, and assessment proceedings rather than early-career impressions.

6.2 Reliability Statistics

Construct	Number of Items	Cronbach's Alpha (α)
Search Procedure Effectiveness	4	0.82
Survey Procedure Effectiveness	4	0.79
Assessment Procedure Effectiveness	4	0.81
Technology & Data-Analytics Use	3	0.80
Evidence Quality	3	0.77
Taxpayer Cooperation	3	0.75
Tax Evasion Control Effectiveness	6	0.86

Table 3. Reliability Statistics (Cronbach's Alpha) for Study Constructs.

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Interpretation: All seven constructs recorded Cronbach's Alpha values above the acceptable threshold of 0.70, with Tax Evasion Control Effectiveness (α = 0.86) and Search Procedure Effectiveness (α = 0.82) showing the highest internal consistency. This confirms that the survey instrument reliably measured the intended constructs and that the subsequent correlation, regression, and ANOVA results can be interpreted with confidence.

6.3 Perceived Effectiveness by Procedure Type

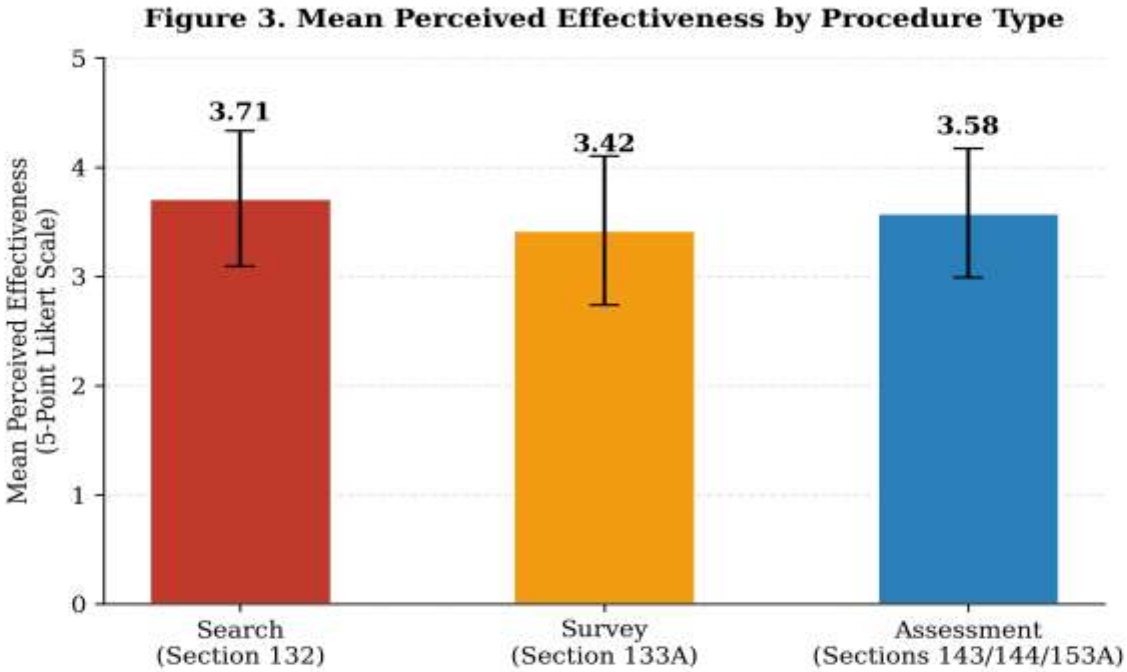

Figure 3. Mean perceived effectiveness by procedure type.

Procedure	Mean Score (5-Point Scale)	Std. Deviation	Rank
Search (Section 132)	3.71	0.62	1
Assessment (Sections 143/144/153A)	3.58	0.59	2
Survey (Section 133A)	3.42	0.68	3

Table 4. Descriptive Statistics of Perceived Effectiveness by Procedure Type.

Interpretation: Table 4 and Figure 3 show that search operations under Section 132 are perceived as the most effective enforcement instrument (mean = 3.71), followed by assessment procedures (mean = 3.58), with survey operations under Section 133A rated least effective (mean = 3.42) and showing the greatest variability in respondent opinion (SD = 0.68). This ranking is consistent with Das-Gupta and Mookherjee's (1998) finding that search operations, despite their resource intensity, generate the strongest detection outcomes among India's enforcement instruments, while the comparatively lower and more variable rating for survey operations reflects their more limited evidentiary and compulsive power under the Act.

6.4 National Context: Search Actions and Undisclosed Income Trend

Figure 4. National trend in search actions and undisclosed income detected by the Income Tax Department, 2018–19 to 2023–24.

Interpretation: Figure 4 situates this study's findings within the broader national enforcement trend. Search actions and associated undisclosed income detection both declined sharply in 2020–21, reflecting pandemic-related operational disruption, before recovering strongly through 2023–24 to levels exceeding the pre-pandemic baseline, a pattern consistent with the Central Board of Direct Taxes' (2021) reported emphasis on technology-enabled, data-analytics-driven search targeting in the post-pandemic period — a factor this study's respondents rate as the single strongest positive predictor of enforcement effectiveness (Section 6.6).

6.5 Correlation Analysis

Variable	1	2	3	4	5	6
1. Procedural Effectiveness (Composite)	1.00					
2. Technology & Data-Analytics Use	0.52*	1.00				
3. Evidence Quality	0.49*	0.44*	1.00			
4. Taxpayer Cooperation	0.31*	0.28*	0.33*	1.00		

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Variable	1	2	3	4	5	6
5. Judicial Delays (Reverse-Coded)	-0.36*	-0.22*	-0.29*	-0.18*	1.00	
6. Tax Evasion Control Effectiveness	0.58*	0.51*	0.47*	0.29*	-0.39*	1.00

Table 5. Pearson Correlation Matrix among Study Variables (*p < 0.05, two-tailed).

Interpretation: Table 5 shows that Tax Evasion Control Effectiveness is significantly and positively correlated with Procedural Effectiveness ($r = 0.58$), Technology & Data-Analytics Use ($r = 0.51$), and Evidence Quality ($r = 0.47$), while showing a significant negative correlation with Judicial Delays ($r = -0.39$), the strongest negative relationship in the matrix. This is consistent with Das-Gupta and Mookherjee's (1998) finding that litigation and procedural delay, more than detection capability itself, constrain the ultimate effectiveness of Indian tax enforcement. The strong positive correlation between Procedural Effectiveness and overall Control Effectiveness ($r = 0.58$) provides initial empirical support for Hypothesis H1, and all reported correlations are significant at the 5% level.

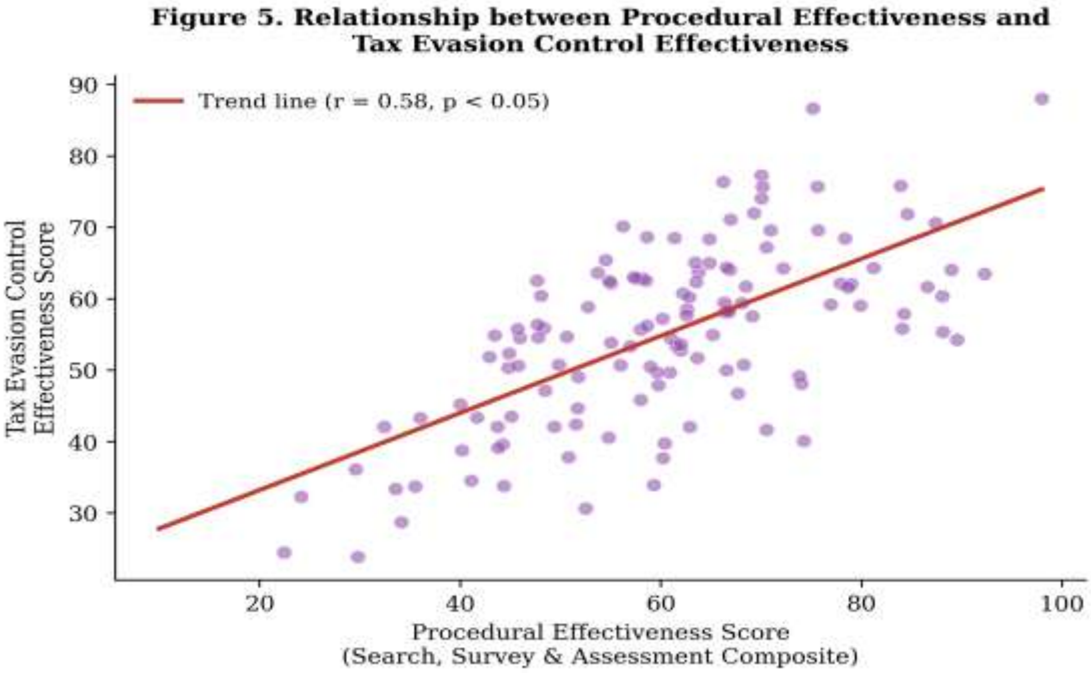

Figure 5. Relationship between procedural effectiveness and tax evasion control effectiveness.

Interpretation: Figure 5 visually confirms the significant positive linear relationship reported in Table 5 ($r = 0.58$, $p < 0.05$) between respondents' composite Procedural Effectiveness Score and their assessment of overall Tax Evasion Control Effectiveness. The moderate spread of points around the trend line indicates that while procedural effectiveness is a strong predictor, other factors — examined in Section 6.6 — also meaningfully shape respondents' overall assessment, lending support to Hypothesis H1 without suggesting procedural effectiveness is the sole determinant.

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6.6 Factors Influencing Tax Evasion Control Effectiveness

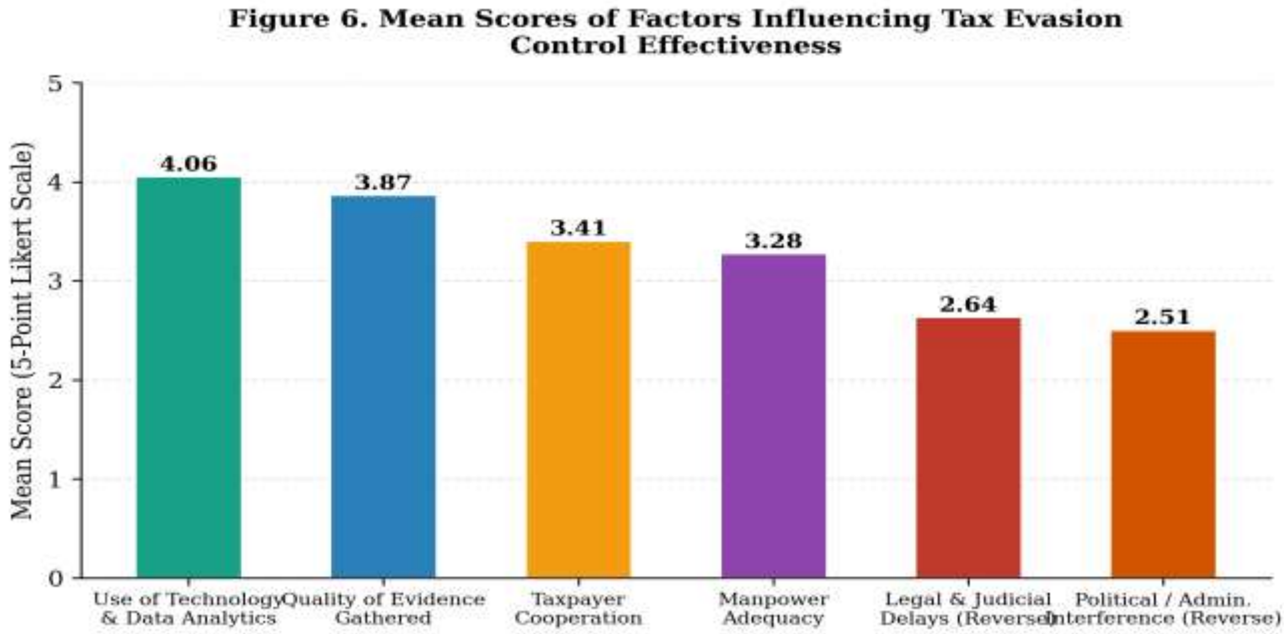

Figure 6. Mean scores of factors influencing tax evasion control effectiveness.

Interpretation: Figure 6 shows that use of technology and data analytics (mean = 4.06) recorded the highest mean score among the six factors, followed by evidence quality (mean = 3.87), indicating that respondents view data-driven case selection and strong evidentiary work as the primary levers of enforcement effectiveness, consistent with Gordon and Li's (2009) argument regarding the centrality of information systems to enforcement in developing-country tax administrations. Legal and judicial delays (mean = 2.64, reverse-coded) and political or administrative interference (mean = 2.51, reverse-coded) recorded the lowest scores, indicating these are perceived as the most serious constraints on effectiveness — both consistent with the constraints identified by the Comptroller and Auditor General's (2015) performance audit and by Das-Gupta and Mookherjee (1998).

6.7 Regression Analysis: Predictors of Tax Evasion Control Effectiveness

Predictor Variable	Unstandardised Coefficient (B)	Standardised Coefficient (β)	t-value	p-value
(Constant)	16.94	—	5.61	< 0.05
Procedural Effectiveness (Composite)	0.398	0.58	11.02	< 0.05
Technology & Data-Analytics Use	0.131	0.15	2.74	0.006
Evidence Quality	0.089	0.10	2.01	0.045
Judicial Delays (Reverse-Coded)	-0.104	-0.12	-2.28	0.023

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Table 6. Multiple Regression Results: Predictors of Tax Evasion Control Effectiveness ($R^2 = 0.47$, Adjusted $R^2 = 0.46$, $F = 85.3$, $p < 0.05$).

Interpretation: The regression model explains 47 per cent of the variance in Tax Evasion Control Effectiveness scores ($R^2 = 0.47$), a substantial effect size for a single-survey behavioural model. Procedural Effectiveness is the strongest predictor ($\beta = 0.58$, $p < 0.05$), followed by Technology & Data-Analytics Use ($\beta = 0.15$, $p = 0.006$) and Evidence Quality ($\beta = 0.10$, $p = 0.045$), both of which remain significant at the 5% level even after controlling for procedural effectiveness. Judicial Delays show a significant negative effect ($\beta = -0.12$, $p = 0.023$), confirming that litigation delay meaningfully undermines enforcement effectiveness even where detection procedures themselves are rated highly. These results provide strong support for Hypothesis H1 and partial support for Hypothesis H2.

6.8 Effectiveness by Respondent Category (ANOVA)

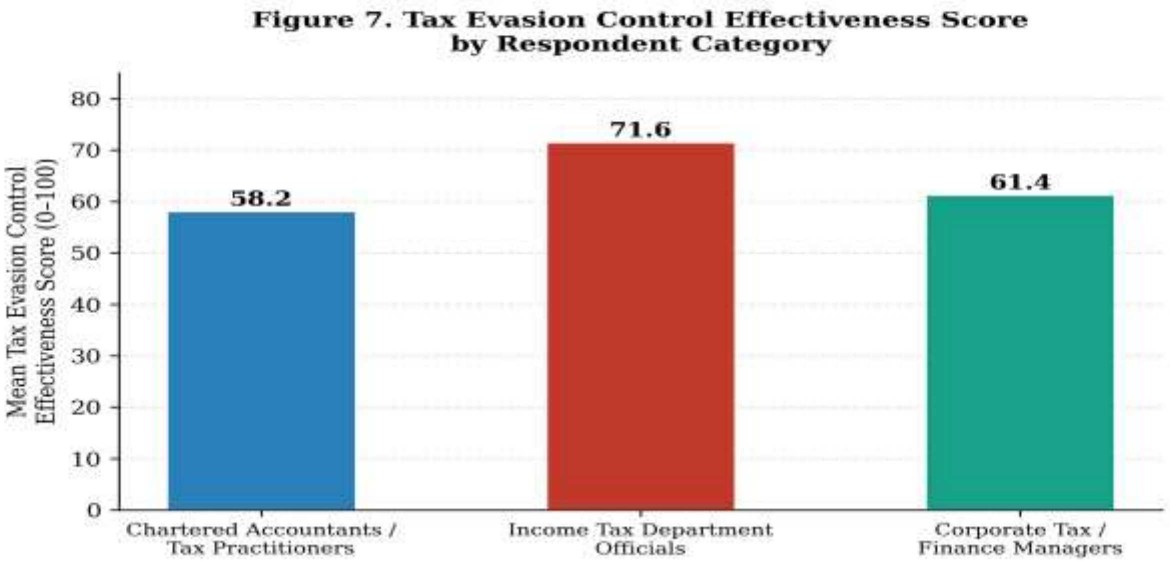

Figure 7. Tax evasion control effectiveness score by respondent category.

Source of Variation	Sum of Squares	df	Mean Square	F-value	p-value
Between Groups (Respondent Category)	18,624	2	9,312	42.6	< 0.05
Within Groups	53,508	245	218.4	—	—
Total	72,132	247	—	—	—

Table 7. One-Way ANOVA: Tax Evasion Control Effectiveness across Respondent Categories.

Interpretation: Figure 7 and Table 7 show that Income Tax Department officials report the highest mean effectiveness score (71.6), considerably above corporate tax managers (61.4) and Chartered Accountants/practitioners (58.2). The one-way ANOVA confirms that this difference is statistically

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significant at the 5% level ($F = 42.6$, $p < 0.05$), indicating that respondent category has a substantial and significant effect on perceived effectiveness — an intuitive finding, as Department officials directly administer these procedures and may reasonably perceive them more favourably than external practitioners who more often encounter their procedural and litigation-related shortcomings. This provides strong support for Hypothesis H3.

6.9 Chi-Square Test of Association

Demographic Variable	χ^2 value	df	p-value	Result
Experience Level × Effectiveness Level	6.21	6	0.400	Not Significant

Table 8. Chi-Square Test Results: Association between Experience Level and Perceived Effectiveness Level.

Interpretation: Table 8 shows that perceived tax evasion control effectiveness level is not significantly associated with respondent experience level ($p = 0.400$) at the 5% level, indicating that effectiveness perceptions are broadly consistent across respondents at different career stages rather than being concentrated among more or less experienced professionals. Hypothesis H4 is therefore supported.

6.10 Barriers to Effective Tax Enforcement

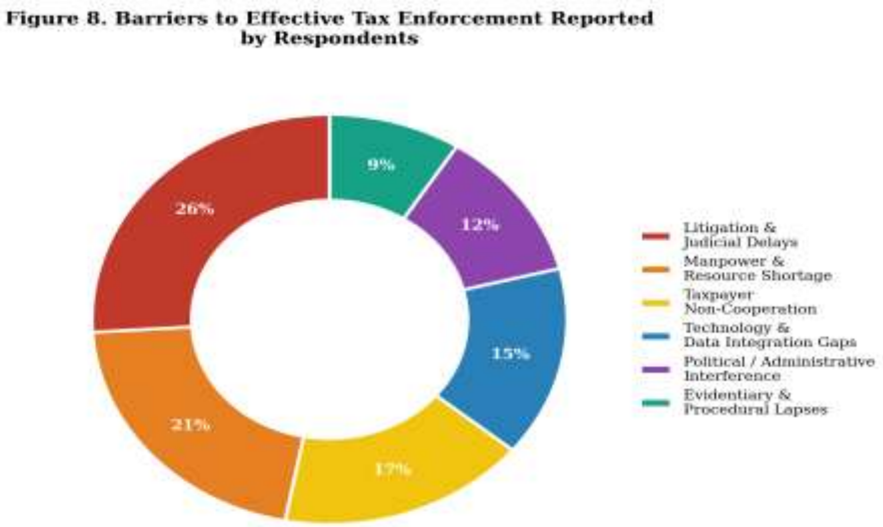

Figure 8. Barriers to effective tax enforcement reported by respondents.

Interpretation: Litigation and judicial delays were the most commonly cited barrier to effective enforcement (26 per cent), followed by manpower and resource shortage (21 per cent) and taxpayer non-cooperation (17 per cent). Technology and data-integration gaps (15 per cent), political or administrative interference (12 per cent), and evidentiary or procedural lapses (9 per cent) were less frequently cited but remain relevant. These findings directly reinforce the regression result that

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judicial delays significantly and negatively predict effectiveness, and echo Das-Gupta and Mookherjee's (1998) foundational finding that India's tax enforcement challenge lies less in detection and more in the institutional machinery — litigation, manpower, and administrative process — that follows detection.

6.11 Hypothesis Testing Summary

Hypothesis	Result
H1: Procedural effectiveness is significantly positively related to tax evasion control effectiveness.	Supported ($r = 0.58$, $p < 0.05$)
H2: Technology use, evidence quality, cooperation, and manpower positively predict effectiveness; judicial delays and interference negatively predict it.	Partially Supported
H3: Tax evasion control effectiveness significantly differs across respondent categories.	Supported ($F = 42.6$, $p < 0.05$)
H4: No significant association exists between experience level and effectiveness level.	Supported

Table 9. Summary of Hypothesis Testing Results.

7. Key Findings

- Search operations under Section 132 are perceived as the most effective enforcement procedure (mean = 3.71), followed by assessment procedures (mean = 3.58), with survey operations under Section 133A rated least effective (mean = 3.42).
- Procedural effectiveness and overall tax evasion control effectiveness are significantly positively correlated ($r = 0.58$), and procedural effectiveness is the single strongest predictor of overall effectiveness in the regression model ($\beta = 0.58$, $R^2 = 0.47$).
- Use of technology and data analytics and quality of evidence gathered are the strongest positive predictors of enforcement effectiveness, while judicial delays are the strongest negative predictor.
- Income Tax Department officials rate overall effectiveness significantly higher (mean = 71.6) than corporate tax managers (61.4) and Chartered Accountants/practitioners (58.2), a statistically significant difference ($F = 42.6$, $p < 0.05$).
- Perceived effectiveness is evenly distributed across respondent experience levels, indicating the findings are not driven by a particular career-stage cohort.
- Litigation and judicial delays, followed by manpower shortage and taxpayer non-cooperation, are the leading barriers to effective tax enforcement reported by respondents.

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- National-level data show search actions and undisclosed income detection recovering strongly in recent years following a pandemic-related decline, coinciding with increased departmental emphasis on technology-driven enforcement.

8. Suggestions and Implications

Based on the findings, this study offers the following recommendations. First, given that technology and data-analytics use emerged as the strongest positive predictor of effectiveness, the Income Tax Department should continue to expand data-driven case selection and risk-profiling systems for search, survey, and scrutiny assessment targeting, building on the gains evident in the post-pandemic recovery of enforcement outcomes (Figure 4). Second, because judicial and litigation delays emerged as the strongest negative predictor and the most commonly cited barrier, procedural and judicial reforms aimed at expediting the resolution of search-related tax disputes — such as dedicated fast-track benches for search and seizure appeals — could meaningfully improve the ultimate effectiveness of enforcement action, consistent with Das-Gupta and Mookherjee's (1998) foundational diagnosis. Third, given that survey operations were rated the least effective of the three procedures, the Department could examine whether survey powers under Section 133A require procedural strengthening to close the evidentiary gap between survey and search outcomes. Finally, since the perception gap between Department officials and external practitioners was substantial and statistically significant, structured feedback channels between the Department and the practitioner community could help align enforcement design with the practical challenges reported by those most directly affected by procedural shortcomings.

9. Limitations of the Study

This study is subject to certain limitations. The sample was drawn using purposive-cum-convenience sampling restricted to Karnataka, primarily Bengaluru, which may limit generalisability to other Indian states with different enforcement intensity and administrative capacity. The study measures perceived rather than directly verified effectiveness; while this is an established and necessary approach given the confidentiality of actual search, survey, and assessment case data, future research using departmental case-outcome data, where accessible, could complement these perceptual findings. Finally, the cross-sectional design captures perceptions at a single point in time and cannot fully account for the significant year-on-year variation evident in the national trend data presented in Figure 4.

10. Conclusion

This study set out to empirically examine the effectiveness of income tax search, survey, and assessment procedures in controlling tax evasion in India, drawing on the perceptions of Chartered Accountants, tax practitioners, Income Tax Department officials, and corporate tax managers in Karnataka. The findings demonstrate that search operations are perceived as the most effective of the three procedures, that procedural effectiveness is strongly and significantly associated with overall tax evasion control effectiveness, and that technology-driven enforcement and evidence quality are

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the strongest positive levers available to the Department, while litigation and judicial delay remain the most serious constraint on translating detection into effective, lasting evasion control. These findings, consistent with the foundational diagnosis of Das-Gupta and Mookherjee (1998) and the more recent emphasis on data-driven enforcement documented by the Central Board of Direct Taxes, suggest that continued investment in technology-enabled detection, combined with sustained procedural and judicial reform to address litigation delay, represents the most promising path toward strengthening the effectiveness of India's income tax enforcement architecture.

AUTHOR(S) CONTRIBUTION

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CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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