

**Targeting Tax Evasion:
Examining Effect of the Anti-Evasion Measures in India**
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The income reporting behaviour depends on a host of legal, administrative and social factors. Does the reported value increase with the true income of the taxpayer? The economic models are inconclusive about this important issue. We model that captures the essence of the Indian tax law pertaining to the different kinds of labour and capital income and helps examine the effect of the anti-evasion measures. Our empirical analysis uses a new dataset based on affidavits filed by election contestants, combined with the Forbes List of billionaires, and the statistics published by the Indian Tax Department. We present evidence for the reported income being increasing in the true income. Our analysis suggests that recent measures taken by the Indian central government against underreporting of income to evade taxes have delivered the intended results. Post implementation of the anti-evasion measures, the average reported income is significantly higher. Holding other factors fixed, the average reported income reported by households in 2019 (after the measures were implemented) is about 8% higher than the income reported in 2014. For individuals, the income reported in 2019 is about 11% higher. However, the official measures seem to be less effective via-a-vis the super-wealthy groups.