

**OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA**

**New Delhi
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**SHRI MURTHY ADDRESSES CONCLAVE ON PAN-INDIA HORIZONTAL
AUDIT ON EASE OF DOING BUSINESS FOR MSMEs**

CAG SUGGESTS 4-PRONGED STRATEGY FOR MSMEs

The Office of the Comptroller and Auditor General of India (C&AG) organised an ‘Audit Conclave’ on Pan-India Horizontal Audit on Ease of Doing Business (EoDB) for Micro, Small and Medium Enterprises (MSMEs) here today. The Conclave brought together the officers of C&AG of India from States and Union Territories, senior officials from the Ministries of Micro, Small and Medium Enterprises and Ministry of Statistics and Programme Implementation, representatives of State MSME and Industries Departments, Industry Bodies including CII, FICCI, ASSOCHAM, PHDCCI and FISME, and subject-matter experts to deliberate on the business environment for MSMEs.

The Conclave forms part of the consultative process for the Pan-India Horizontal Audit on EoDB for MSMEs being undertaken by the C&AG of India. While the Government of India has embarked on a comprehensive initiative to promote EoDB through systematic compliance reduction and deregulation, the real test of reforms lies in the last-mile outcomes. The audit seeks to assess whether systems are delivering what they ought to.

While addressing the Conclave, Shri K Sanjay Murthy, CAG of India said, “The MSME sector is not only critical for economic growth, but also for inclusive development, supporting entrepreneurship, strengthening supply chains, and creating livelihoods across rural and urban India.

Excessive regulatory burdens impede the competitiveness of enterprises and slow down industrial growth. MSME-related reforms need to cut across multiple departments and levels of government—Centre, State, and local bodies. The effectiveness of reforms depends not only on policy intent, but on the coordination among departments, digital system integration, uniformity in implementation, and citizen and business feedback loops.

We need 4-pronged strategy of Simplification, Digitalisation, Decriminalisation, and Elimination of redundant laws—all of which are highly relevant for MSMEs.

Public procurement by MSMEs has seen a major increase which highlights the scale and importance of procurement-related compliance audits. The MSME audit presented is one of the first detailed block-level audits, but similar thematic audits will continue nationwide.

Ease of Doing Business (EoDB) and Ease of Living are priority audit themes for CAG, cutting across departments, geographies (Centre, States, local bodies), and sectors.”

Shri Murthy emphasised that focus should be on data-driven audits and decision-making, as credible data inputs are essential for effective policy formulation. Government initiatives show significant progress, and auditors are guided to focus on areas backed by strong data trends rather than routine compliance audits alone.

CAG also highlighted the need for sharing innovative best practices across States to improve efficiency and standardization of similar schemes. He reiterated its commitment to supporting governance reforms through evidence-based audit insights and collaboration with States, ministries, industry, and entrepreneurs.

While addressing, Shri SCL Das, Secretary, Ministry of MSME, GoI thanked the CAG office for hosting a pioneering event that shifts focus from traditional audit to outcome-oriented support for MSMEs and Ease of Doing Business. His address highlighted the recent positive collaborative progress by Government and Industry to reduce the compliance burden and vulnerabilities faced by small enterprises. He further mentioned that sustained reforms in legislation, policy, deregulation, and supply-side support are essential to strengthen MSMEs and achieve national development goals.

Dr. Saurabh Garg, Secretary, MoSPI, GoI highlighted that most MSMEs are micro enterprises, with wide diversity and productivity gaps, requiring nuanced understanding beyond large enterprises. He emphasised the importance of data harmonisation, machine-readable digital systems, and compliance reductions to enable effective decision-making and targeted MSME support.

Shri Manish Sabharwal, Chairman, Team Lease underscored that a country’s real strength comes from economic power driven by entrepreneurship, demand, and productivity and highlighted India’s challenge in many small ‘dwarf’ enterprises with high informality. He stressed that regulatory overload, excessive compliances, and complex approvals—termed ‘regulatory cholesterol’—restrict MSMEs from combining land, labour, and capital effectively. He advocated decriminalisation, deregulation, and true digitalisation (API-based systems) to improve the daily ease of doing business while balancing regulation with entrepreneurial freedom.

Presentations and panel discussions during the Conclave covered government initiatives to enhance EoDB for MSMEs, policy reforms and their impact, survey-based evidence, industry perspectives on regulatory simplification and digital transformation and

experiences shared by entrepreneurs. Industry bodies and experts highlighted challenges related to implementation of reforms, access to finance, infrastructure readiness, compliance costs, grievance redressal and market access, while also sharing suggestions to strengthen institutional mechanisms.

The Pan-India Horizontal Audit on EoDB for MSMEs represents an important step towards outcome-oriented public sector auditing, aligned with national priorities and focused on improving service delivery for MSMEs. Relevantly, this Pan-India exercise will cover the period from 2021–22 to 2025–26, with field audit planned under the Annual Audit Plan 2026–27. The audit will be coordinated by the Office of the Principal Accountant General (Audit-II), West Bengal, as the Lead Office, with participation from all State Audit Offices. It will cover relevant Central Ministries, State Departments, district-level institutions and State Public Sector Undertakings. The insights from this audit are expected to support governments in refining reforms, reducing compliance burdens and creating a more predictable, transparent and facilitative business environment, enabling MSMEs to focus on productivity, innovation and growth. This audit reflects a strategic shift in the audit approach of CAG towards a futuristic Pan-India, cross state and geographical audit from a narrower compliance approach.

The Conclave provided a valuable multi-stakeholder platform for dialogue among policymakers, auditors, industry bodies, entrepreneurs and experts. The deliberations are expected to enrich the audit process and enhance its policy relevance for ensuring significant benefits for MSMEs.

