

UP to enable procurement from registered startups

'No Tender Needed For Up To ₹50L'

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Lucknow: In a renewed push to the state's startup ecosystem, the UP govt is set to ease procurement of innovative products and solutions from select startups.

The govt will create a startup e-marketplace under UP Startup Mission where innovative products, solutions and equipment may be listed. A proposal in this regard is due to be placed before the state cabinet soon.

Once in place, a department can purchase equipment or solutions of up to Rs 50 lakh directly from a StartInUP-registered startup, without a tender, provided the product meets the required quality and technical specifications.

For sunrise sectors, this direct-purchase ceiling has been raised to Rs 1 crore per procurement. The list includes gre-

KEY PROVISIONS

- Provides for direct purchase of up to **₹50 lakh** from StartInUP-registered startups
- Raises direct purchase ceiling to **₹1 cr** for sunrise sectors including AI, drones, deep-tech, green energy and med-tech
- Allows depts to earmark up to **0.5%** of their annual budget for procurement of innovative startup products
- Enables direct purchases without tenders through startup e-marketplace

en energy, drones, deep-tech, artificial intelligence, quantum computing, blockchain, agri-tech, med tech, and space technology, with others to be notified by the PIU.

For requirements above Rs 50 lakh and up to Rs 1 crore (other than sunrise-sector purchases made directly), the department runs a limited tender open only to StartInUP-registered startups on the Govt e-Marketplace (GEM) portal.

GEM is used for this band to keep the process transparent and easy to monitor. Re-



- Provides for limited tenders through GeM for purchases above **₹50 lakh** and up to **₹1 cr**
- Proposes a **30:60:10** payment schedule — **30%** on placing the order, **60%** after delivery and installation, and **10%** after completion of warranty support period

Source: GoUP

gistered startups also benefit from GEM's standing exemptions on prior experience, turnover, and earnest money deposit.

Departments may also opt for a limited tender below Rs 50 lakh where more than one startup can meet the requirement, so that startups compete for the order.

The proposal also seeks to create a dedicated financial window for startup procurement within govt departments. Each department may earmark up to 0.5% of its an-

nual budget outlay for purchasing innovative products from startups. The amount would not be mandatory, and departments would determine the allocation according to their requirements.

Each department would also constitute a technical evaluation committee to oversee startup procurement, decide whether purchases should be made directly or through a limited tender, and monitor the quality of products supplied.

The framework also talks about a payment mechanism in which startups would receive 30% of the payment on placement of the order, 60% after delivery and successful installation, and the remaining 10% after completion of the warranty support period.

Principal secretary, planning and IT and electronics, Alok Kumar III, said: "The move is aimed at giving UP-based startups greater access to the govt market while enabling departments to adopt locally developed technology and innovative solutions. The proposal also seeks to make govt procurement a potential avenue for scaling products developed by startups."