UP Startup Policy opens wider funding for investors, ventures

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Lucknow: For investors looking at UP's growing startup ecosystem, the new Startup Policy 2026 offers a wider range of financial support, including matching grants for startups that raise institutional funding and a Rs 100-crore patient capital window for deeptech ventures.

"The revised policy, approved by the state cabinet recently, has made many provisions to make investments in startups lucrative," principal secretary, IT and electronics department, Alok Kumar told TOI on Monday.

According to the policy,

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startups receiving financial assistance from recognised national or international institutions or missions will be eligible for a matching grant of up to 50% of the amount raised, subject to a ceiling of Rs 5 crore.

"The provision is aimed at giving startups additional capital for investment and business expansion," he said.

The policy has also created a dedicated funding push for deep-tech ventures working in areas such as artificial intelligence, robotics, quantum technology, space technology, semiconductors and biotechnology.

"Such startups can receive prototype assistance of up to Rs 20 lakh and seed funding of up to Rs 30 lakh, besides patient capital of up to Rs 100 crore. The state will also provide matching support of up to 40% for R&D activities," Kumar said.

For early-stage investors and founders, the policy doubles the maximum prototype grant from Rs 5 lakh to Rs 10 lakh and raises the maximum seed funding from Rs 7.5 lakh to Rs 15 lakh. "In special circumstances, seed funding can go up to Rs 50 lakh," he said.

The longer runway could also help startups move from idea to investment readiness. The incubation period has been increased from one year to two years, while the sustenance allowance has been raised to Rs 20,000 per month for two years.

The policy also offers up to Rs 2 crore towards expenditure on recognised quality certifications and patent filing, helping startups strengthen their intellectual property and prepare for larger markets.

For investors looking at regionally focused opportunities, startups based in Bundelkhand and Purvanchal will receive an additional 50% incentive on prototype grants and seed capital. The same additional incentive will apply to startups founded or co-founded by women, EWS, people with disabilities or transgender persons, subject to the specified equity requirement.

The state will also establish 20 new centres of excellence in emerging technologies and a deep-tech U-Hub to bring incubation, investment, industry collaboration, mentorship and advanced laboratory facilities under one platform.