

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

ITE&C Department – Providing Direct Procurement of ₹ 1 Crore to winners of APIS hosted Innovation Challenges for providing innovative solutions to non-routine departmental problems - Orders - Issued.

**INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATION (TECH)
DEPARTMENT**

G.O.Ms.No.33

Date: 21.08.2025
Read the following:

Ref : eOffice file No. ITC51-20023/9/2025-PROC-APTS

ORDER

The Government of Andhra Pradesh recognized that there is a need for innovation in Government schemes and Governance. To address this gap, various states are adopting innovative approaches to engage with startups. One such approach is the introduction of direct procurement policies, which allow government departments to issue direct work orders or contracts valued up to Rs. (₹)1 crore for eligible startups.

Certain illustrative examples followed in some states within India are presented below:

- a. **Kerala:** The Government (Govt.) of Kerala, vide G.O. MS. No.2/2022/SPD dated 05.07.2022, read with G. O. (Rt.) No. 2/2017/ SPD dated 16.01.2017, provides a mechanism for **Kerala Start Up Mission (KSUM)** identified startups to receive direct contracts of upto **Rs 50 lacs**.
 - b. **Karnataka:** The Procurement Cell, Finance Department order 218-12/2021 dated 06.09.2021 enables recognized startups registered under **Karnataka Innovation and Technology Society (KITS)** to receive direct contracts of up to **Rs 50 lacs**.
 - c. **Tamil Nadu:** The Govt of Tamil Nadu, vide G.O. MS No 69 dated 12.05.2023 provides a structured avenue for government departments to collaborate with reputed NGOs and startups. Special financing is made available through the **Tamil Nadu Innovation Initiatives (TNII)**, State Innovation Fund, with a focus on cost-effectiveness and scalability, with each project having a maximum of Rs 10 Cr. This GO extends the benefits previously given to startups vide G.O.MS No. 8 dated 28.04.2018
2. Following these strides, the Government of Andhra Pradesh is committed to fostering innovation, entrepreneurship, and inclusive technological development through direct engagement with India's growing startup ecosystem. To this end, the State recognizes the need to enable government departments to rapidly adopt innovative solutions for problems that fall outside the scope of routine or conventional procurement.

3. In this context, the Government hereby introduces the Direct Procurement from Startups Recognized by the CEO, Andhra Pradesh Innovation Society (APIS) Innovation Challenges (DPS-APIS), 2025, which allows eligible departments to procure solutions up to a value of ₹1,00,00,000 (One crore) without following the standard tendering procedures, provided the solution emerges from a structured innovation challenge or hackathon conducted as per the norms of Framework and Operational Manual for Innovation Challenges..

I. Objectives

1. To improve public service delivery and efficiency through startup-led innovation.
2. To create a direct procurement mechanism for adopting non-routine, technology driven solutions.
3. To provide viable commercialization pathways for early-stage startup .
4. To position Andhra Pradesh as a national innovation sandbox and scale-up hub.

II. Scope and Eligibility

- Applicants - Eligible Startups must be DPIIT-recognized startups at the time of application. If domiciled outside Andhra Pradesh, the winning startup must establish a legal presence in Andhra Pradesh and obtain a state GST number, prior to receiving a work order.
- Participating Organizations: All departments, public sector undertakings, and autonomous bodies under the Government of Andhra Pradesh can participate.
- Eligibility Limits: Any Government department or organization may onboard a maximum of three startups per financial year under this government order. A startup shall be eligible to fulfill a maximum of two procurement contracts per financial year, subject to a maximum contract value of up to Rs.1Crore per procurement. However, there is no limits to conduct or participate in Innovation Challenges.

III. Operational Framework

- Identification of Problem Statement - The user department must identify a non-routine, innovative problem and define clear expectations and success metrics. The problem should not be solvable via conventional commercial off-the-shelf (COTS) solutions.
- Challenge Hosting - The department will forward the problem statement and budget commitment to APIS. The problem statement budget commitment will be submitted to the screening committee for their approval to conduct innovation challenge/hackathon. The CEO, APIS will conduct the innovation challenge or hackathon in accordance with established guidelines.
- Evaluation and Selection – The Screening committee, as envisaged in the framework will evaluate all submissions and select the top three solutions.
- Procurement - The department may choose to award a direct procurement contract up to ₹1,00,00,000 (One crore) to the winner. If the first winner declines, the offer may be extended sequentially to the second and third place winners.

IV. Intellectual Property (IP) Rights

IP developed during the challenge will remain with the startup if procured.

V. Monitoring and Governance

1. The list of sanctioned problems, winners, and procurement outcomes will be published on the APIS portal.
2. APIS will submit weekly reports to Secretary, ITE&C.
3. Annual impact review will be conducted jointly by ITE&C, APIS, and an academic/industry advisory group.

VI. Exemption Clause

Procurement under this GO is exempted from standard tendering procedures under the Andhra Pradesh Financial Rules and the General Financial Rules, as long as:

1. It follows the innovation challenge-based format outlined above.
2. The total procurement does not exceed ₹ 1 crore.
3. The selection and procurement process is transparently documented and auditable.

Further, G.O.MS.No.2 from Dept of ITE&C dated 24.02.2025 applies following relaxations to public procurement up to a value of Rs.50.00 Lakh (Rupees Fifty Lakh), to innovative and eligible startups, subject to compliance with all quality and technical specifications prescribed in the procurement guidelines:

1. Exemption from the requirement of Earnest Money Deposit (EMD).
2. Exemption from the prior turnover requirement.
3. Exemption from the prior experience requirement.
4. Full waiver of tender document cost.

These exemptions shall now apply to any Direct Procurement under the framework of this GO, up to ₹1,00,00,000 (One crore).

VII. Payment Terms

The payment must be strictly linked to various milestones linked to the completion of the project, and must be mentioned in the agreement between the department and the corresponding partner being on-boarded. These milestones should be finalized in consultation with APIS.

4. This order is issued with concurrence of the Finance (HR.V-TFR-A&L-EWF (C.No.2870683)) Department vide their Finance U.O.No.2909121/FIN01-HR0TFR(FINC)/15/ 2025-HR-V, dated 14.08.2025.

5. The above order shall come into force from the date of publication in the Andhra Pradesh Gazette.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**BHASKAR KATAMNENI
SECRETARY TO GOVERNMENT**

To:

All the Departments of Secretariat.
All the Heads of Departments in the State.

Copy to:

The OSD to Hon'ble Minister for HRD, ITE&C and SD&T.
The P.S. to Chief Secretary to Government.
The CEO, AP Innovation Society (APIS)

// FORWARDED::BY ORDER //

[Signature]
SECTION OFFICER
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