



PROCEEDINGS OF GOVERNMENT OF KARNATAKA

Sub: Providing preferential market access to Startups in Karnataka in procurement of technology related goods & services.

Read: KEONICS proposal No: KSEDC/ITS/MC/EOI-POQ/2016-17 dated: 06.09.2016.

PREAMBLE:

The Government of Karnataka is committed to providing the most conducive environment for investments and acceleration across all verticals to ensure the state remains a leader in technology and innovation. Karnataka has a conducive ecosystem that has contributed to the growth of Information Technology, Electronics manufacturing, Biotechnology, Animation and other knowledge-based industry in the State.

Karnataka is nurturing the ecosystem with strong policies like i4 Policy, BT Millennium Policy, ESDM Policy and the KAVGC Policy, giving the ecosystem a strong foundation to help entrepreneurs and the established industries to flourish.

Karnataka is also the first in the country to launch a dedicated Start Up Policy for budding entrepreneurs and a dedicated Start Up Cell that will provide extensive services like legal and accounting advice, mentoring, incubator options, subsidized tariffs and also seed funding. In order to strengthen the existing ecosystem Government of Karnataka has initiated multi-sector Startups Policy in November, 2015.

To continue maintaining this lead position and spur tech innovations in the State, Government of Karnataka as an enabler of IT electronics intervenes in the ecosystem through its wholly owned PSU, Karnataka State

Electronics Development Corporation Limited (KEONICS). KEONICS is exempted under 4G of KTPP Act (liberty to place orders in KEONICS without undergoing Tendering Process) and is a major supplier to the Government for various IT products and services. KEONICS operates by empanelling various agencies for procurement of services and products. KEONICS has been provisioning below mentioned preference to Startups registered with Startup Cell, Karnataka:-

1. 50% relaxation in all pre-qualification criteria like turnover.
2. 25% relaxation in Performance Bank Guarantee.
3. 50% discount for empanelment fee / royalty.

Further to this KEONICS has empanelled Startups and provided opportunity to do business. As the results of above preferential treatment KEONICS has helped in catalyzing the Startup ecosystem and proposes to further enhance these concessions as below doing away with Pre Qualification Criteria such as 'prior experience', 'prior turnover' and 'EMD', for encouraging Startups to participate in public procurement and continue to provide 50% discount on all non-refundable royalty.

KEONICS has requested the Government to ratify its decision and give enabling orders for giving further preference to Startups in its procurements for Government of Karnataka.

Hence the order.

GOVERNMENT ORDER No. ITD 27 PRM 2015 BENGALURU,
DATED:16.09.2017.

In view of the above, Government is pleased to order that Karnataka State Electronics Development Corporation shall give the following concessions to all startups registered in Startup Cell of KBITS to give preference to Startups in public procurement of goods and/or services :-

1. Do away with criteria of "prior experience" for encouraging Startups.
2. Do away with criteria of "prior turnover" for encouraging Startups.
3. Do away with submission of EMD for Startups.

4. 50% discount on all non-refundable royalty.
5. Provide preference in public procurement of goods and/or services so as to attain a target of 10% of its procurements through Startups.
6. Grievance Management System will be set up in KEONICS for redressing grievances of Startups, specific to this order. This Grievance Management system shall take up issues related to Government procurement raised by Startups with Departments or agencies concerned. The System shall be a centralized online / offline mechanism in the KEONICS for Startups to submit their concern pertaining to the Government/PSU procurement and a dedicated officer will evaluate and resolve all issues.

**By Order and in the Name of the
Governor of Karnataka**


(B. N. SRINIVAS)

Deputy Secretary to Government,
Department of Information Technology,
Biotechnology and Science & Technology.

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3. The Director, Directorate of IT, BT, Shanthinagar, Bengaluru.
4. The Managing Director, KBITS, Shanthinagar, Bengaluru.
5. The Managing Director, KEONICS, Shanthinagar, Bengaluru.
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