

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 2785
ANSWERED ON 18/08/2025**

OBJECTIVES OF URBAN CHALLENGE FUND

2785. SHRI SANJAY SETH:

Will the Minister of Housing and Urban Affairs be pleased to state:

- (a) the objective and funding architecture of the newly created Urban Challenge Fund launched in Budget 2025-26;
- (b) the expected focus areas such as creative public space redevelopment, mobility innovation, and collaborative urban governance;
- (c) the criteria and process for selecting pilot cities or projects under the fund; and
- (d) the mechanisms planned to scale successful pilots into national programmes or integrate with existing urban missions?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF HOUSING AND URBAN AFFAIRS
(SHRI TOKHAN SAHU)**

(a) & (b): The Government of India, in the budget for 2025-26 has announced to set up an Urban Challenge Fund (UCF) of ₹1 lakh crore to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation'. As per the budget announcement, this fund is planned to finance up to 25 per cent of the cost of bankable projects with a stipulation that at least 50 per cent of the cost is funded from bonds, bank loans, and Public Private Partnerships (PPPs). ₹10,000 crore has been allocated for the financial year 2025-26. The objective is to enhance urban resilience and economic productivity through integrated urban planning, land-use efficiency, and sustainable financing.

(c) & (d): The scheme is under consideration.
