

**GOVERNMENT OF INDIA  
MINISTRY OF HOUSING AND URBAN AFFAIRS  
RAJYA SABHA  
UNSTARRED QUESTION NO. 1823  
ANSWERED ON 09/03/2026**

**INTRODUCTION OF PERFORMANCE-BASED INCENTIVES FOR URBAN LOCAL BODIES IN ODISHA**

**1823. SHRI NIRANJAN BISHI:**

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

- (a) whether Government proposes to introduce performance-based incentives for Urban Local Bodies in the State of Odisha to improve service delivery; and
- (b) if so, the details thereof and, if not, the reasons therefor?

**ANSWER**

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

(a) & (b): Grants for Urban Local Bodies (ULBs) are included in the recommendations of Central Finance Commissions. So far as the 15th Finance Commission (FC) (2021-26) is concerned, Grants to Million Plus Cities (MPC grants) are released based on a performance matrix. Since the State of Odisha does not have Million Plus Cities, the 15th FC did not provide for any MPC grant for ULBs in the State. However, the 16th FC in its recommendations (2026-31), has specifically provided for performance grants to all ULBs amounting to ₹58,032 crore across all the States. For Odisha, the 16th FC has recommended performance grants of ₹1016 crore out of the total grant of ₹5078 crore for the State.

Release of performance grant under 16th FC is contingent upon the following conditions:

- (i) Minimum 5% annual growth in Own Source Revenue (OSR) by ULBs;
- (ii) Transfer by the State Government of at least 20% of the Union Finance Commission's basic grants to local bodies; and
- (iii) Compliance with general eligibility conditions, including timely ULB elections, publication of audited accounts, and constitution of State Finance Commission.

Additionally, Ministry of Housing and Urban Affairs through its Mission 'Atal Mission for Rejuvenation and Urban Transformation 2.0 (AMRUT 2.0)' has a reform agenda to enhance city water security, financial health of ULBs and ease of living of citizens. Under outcome-based reforms by ULBs, incentives have been released/ sanctioned for achieving milestones during FY 2023-24, which includes more than 85% water supply coverage, 60% or more sewerage coverage, reduction of Non Revenue Water (NRW) through use of smart elements / Supervisory Control and Data Acquisition (SCADA) and definite reuse of treated used water (20% of total treated water). Under the reform initiative, ₹881 crore has been released/ sanctioned to 41 Urban Local Bodies, which includes ₹10 crore to Cuttack in Odisha.

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