

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 1834
ANSWERED ON 09/03/2026**

URBAN CHALLENGE FUND WITH REFERENCE TO ANDHRA PRADESH

1834. SHRI SANA SATHISH BABU:

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

- (a) the objectives, total outlay and key components of the Urban Challenge Fund announced by Government;
- (b) the criteria adopted for allocation of funds to States and cities;
- (c) the amount allocated and released to the State of Andhra Pradesh under the Fund, city-wise;
- (d) the details of projects proposed and approved in the State along with their present status, component-wise; and
- (e) the expected outcomes of the fund in strengthening urban infrastructure and economic growth in the State of Andhra Pradesh?

ANSWER

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

(a) to (e): The Government, in the Union Budget for the Financial Year 2025-26, announced the setting up of Urban Challenge Fund (UCF) with Central Assistance of ₹1 lakh crore to implement the projects under three verticals viz. 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation'. UCF will 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 Partnership (PPP). Cabinet approval for UCF was granted on 13 February, 2026. Operational Guidelines of the UCF are under preparation, which will cover further details including amount allocated to States/UTs and criteria thereof.
