

**GOVERNMENT OF INDIA  
MINISTRY OF HOUSING AND URBAN AFFAIRS  
RAJYA SABHA  
UNSTARRED QUESTION NO. 1840  
ANSWERED ON 09/03/2026**

**IMPLEMENTATION OF THE ₹1 LAKH CRORE URBAN CHALLENGE FUND**

**1840. SMT. RENUKA CHOWDHURY:**

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

- (a) whether it is a fact that Government announced the creation of a ₹ 1 lakh crore Urban Challenge Fund for urban infrastructure and governance reforms;
- (b) the amount of funds allocated, released and utilised under the said Fund so far, year-wise, since its announcement;
- (c) whether the Urban Challenge Fund has become fully operational and if not, the present status of its institutional and operational framework; and
- (d) the reasons for the delay in operationalising and implementing the Urban Challenge Fund, including delays in framing guidelines, securing Cabinet or financial approvals or coordination with States?

**ANSWER**

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

(a) to (c): Yes, the Government in the Union Budget for Financial Year (FY) 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'. Cabinet has approved the UCF on 13 February, 2026. Operational Guidelines for UCF are under preparation. Reforms, including governance reforms will be part of UCF implementation. Under the Revised Estimates (RE) for the Financial Year (FY) 2025-26, ₹1,000 Crore has been allocated for UCF. So far, no funds have been released and utilised under UCF.

(d) After announcement of UCF in the Union Budget for FY 2025-26, required time was taken by Ministry of Housing and Urban Affairs for consultations with stakeholders including concerned Central Ministries, States, Urban Local Bodies (ULBs), Parastatals, Banks, Non-Banking Financial Companies (NBFCs), Multilateral Banks and Think Tanks. After consultations, Cabinet Note was prepared and the same has been approved.

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