

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 61
ANSWERED ON 20/07/2026**

STATUS OF IMPLEMENTATION OF URBAN CHALLENGE FUND

**61. DR. KAVITA PATIDAR:
SHRI RAMRAO SAKHARAM WADKUTE:
SHRI S. SELVAGANABATHY:
SHRI UJJWAL DEORAO NIKAM:
SHRI RYAGA KRISHNAIAH:
DR. MEDHA VISHRAM KULKARNI:**

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

- (a) the status of implementation of the Urban Challenge Fund (UCF), including the framework for project selection, funding pattern and progress achieved during Financial Year 2025-26;
- (b) whether guidelines have been issued for selection of cities and projects under the UCF;
- (c) the sectors proposed to be covered, including redevelopment of cities, water and sanitation infrastructure and urban mobility;
- (d) the planned financial outlay, including the contribution of the Centre, States and other stakeholders; and
- (e) if so, the details thereof?

ANSWER

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

(a) to (e): The Government of India has approved the Urban Challenge Fund (UCF) on 13th February, 2026. Further, Operational Guidelines of the UCF were launched on 15th April, 2026.

The UCF supports the development and strengthening of urban infrastructure through implementation of transformative and impactful projects under three verticals namely 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation'. As per the Operational Guidelines, all the cities are eligible for UCF.

Further, chapter 7 of the operational guidelines includes details regarding the Project Appraisal and Challenge Framework including mandatory eligibility requirements, overall project flow, and project evaluation process for appraisal and selection of projects. The scheme guidelines are in public domain and may be accessed at

<https://www.mohua.gov.in/static/uploads/2026/04/7950afb9b2d5cb773ba3d6c64bde9726.pdf>

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The UCF provides a total Central Assistance of ₹1 lakh crore over the Mission period. Under UCF, Central Assistance is limited to 25 per cent of the cost of bankable projects, with the stipulation that at least 50 per cent of the project cost shall be financed through market-based sources, including municipal bonds, bank loans and Public-Private Partnerships (PPPs). The remaining project cost is to be met by the concerned State/UT/ULB. As of now, 16 projects worth ₹13743.65 cr, with Central Assistance of ₹3418.28 cr have been approved/accorded in-principle approval.
