

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 64
ANSWERED ON 20/07/2026**

APPROVAL STATUS OF UCF

64. SHRI NEERAJ SHEKHAR:

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

- (a) whether the Central Government has approved the Urban Challenge Fund (UCF) on 13th February, 2026 for Urban Local Bodies (ULBs) in the country, including for the ULBs of the States of Madhya Pradesh, Maharashtra and Uttar Pradesh;
- (b) if so, the details thereof;
- (c) whether guidelines for the same has been prepared; and
- (d) if so, the details thereof?

ANSWER

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

(a) to (d): The Government of India has approved the Urban Challenge Fund (UCF) on 13th February, 2026 for Urban Local Bodies (ULBs) in the country including for the ULBs of the States of Madhya Pradesh, Maharashtra and Uttar Pradesh.

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).

Further, Operational Guidelines of the UCF were launched on 15th April, 2026. The scheme guidelines are in public domain and may be accessed at

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