

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 4536
TO BE ANSWERED ON MARCH 27, 2025
FUNDS FOR INFRASTRUCTURAL DEMAND**

NO. 4536. SHRI KALYAN BANERJEE:

Will the Minister of HOUSING AND URBAN AFFAIRS be pleased to state:

- (a) Whether the Government has ensured sufficient funding in the budget 2025-26 for urban local bodies to meet the critical infrastructure and service demands in the country;**
- (b) if so, the manner in which the Government balances large-scale capital projects with immediate urban needs like affordable housing, sanitation and public transport through the allocated budget; and**
- (c) the steps taken/proposed to be taken by the Government to ensure time-bound implementation of the 'Houses for All' initiative, specifically to eradicate slums in the metro cities?**

ANSWER

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

- (a) & (b): As per the provisions of Article 243 W of the Constitution, in conjunction with the Seventh and Twelfth Schedules, matters relating to urban development fall within the purview of States/ Urban Local Bodies (ULBs). However, Ministry of Housing and Urban Affairs (MoHUA) provides programmatic support to the States/ Union Territories (UTs) in their urban development agenda through its flagship Missions/ Programmes viz. Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0, Swachh Bharat Mission- Urban (SBM-U) 2.0, Smart Cities Mission (SCM), Pradhan Mantri Awas Yojana- Urban (PMAY-U), Urban Transport (UT), etc. These missions/ schemes/ projects are implemented by the States/ Uts in accordance with the mission guidelines to improve the ease of living in cities and towns covered under these missions. Central Assistance is sanctioned/ released to the State Governments/ Uts and not to ULBs.**

The growing urban infrastructure requirement is financed through budgetary support, supplemented by private sources of finance including Public Private Partnership (PPP). In order to ensure that urban infrastructure projects are adequately funded without over-reliance on limited Government resources, the Public Private Partnership (PPP) as a means of financing urban infrastructure has been covered under all the Mission guidelines as indicated below:

- i. AMRUT 2.0 guidelines state that cities having population above 10 lakh are mandated to take up 10% of their projects in PPP Mode.**
- ii. SCM promotes PPP projects to be undertaken in the 100 Smart cities. If the Government of India funds and the matching contribution by the States/ULBs meet only a part of the project cost, balance funds are expected to be mobilized from other sources including PPP.**
- iii. SBM-U 2.0 encourages exploring the option of PPP mode for development of urban infrastructure, to be decided by the concerned State/ULB.**
- iv. PMAY-U 'Housing for All' Mission encourages private investment for construction of houses in Affordable Housing in Partnership (AHP) and in-situ slum development verticals. Affordable Rental Housing Complexes (ARHCs) was launched as a sub scheme under PMAY-U on 31/07/2020 to utilize the vacant Government funded houses constructed under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and incentivizing Public/Private Entities to leverage investment for creating affordable rental housing stock, if they have available vacant land.**
- v. Metro Rail Policy 2017 enables innovative financing through Transit Oriented Development (TOD) and Value Capture Finance (VCF). The policy also encourages PPP for implementation of the metro rail projects to leverage both public and private resources, expertise and entrepreneurship. As per the policy, the State Government desirous of availing central financial assistance for upcoming metro rail projects, should mandatorily explore the possibility of having a PPP arrangement in some form for implementation, operation and maintenance, fare collection or any other unbundled activities of the proposed metro rail project, to the extent feasible. Further, PM-eBus Sewa Scheme, launched on 16th August, 2023, aims to augment city bus operations in urban areas with central assistance of Rs.20,000 crore for deploying 10,000 electric buses on PPP model.**

Moreover, in order to incentivise the ULBs to tap the capital markets, under AMRUT, credit rating work for 483 cities have been awarded and completed in 468 cities. Out of 468 cities, 162 cities have received Investible Grade Rating (IGR) i.e. rating B (-) and above. MoHUA has been providing incentive to ULBs for issuance of Municipal Bonds at the rate of ₹ 13 crore per ₹ 100 crore worth of bonds issued with maximum incentive of ₹ 26 crore per ULB. Second time eligibility only for issuance of Green bonds at the rate of ₹10 crore incentive per ₹100 crore of bonds issued, restricted to a maximum incentive of ₹20 cr. So far, ₹ 4,984 crore has been raised through issuance of Municipal Bonds & Green bonds for upgrading urban infrastructure by 13 ULBs. As an incentive, ₹ 315.83 crore has been released under AMRUT/AMRUT 2.0.

Further, to give boost to the urban infrastructure sector, in the Budget 2025-26, Government has announced setting up of an Urban Challenge Fund of ₹1 lakh crore for improving urban infrastructure in the country. This measure is expected to stimulate the ULBs in raising private investment through PPP mode for financing urban infrastructure.

- (c) Based on project proposals received from the States/UTs, a total of 118.64 lakh houses including urban poor and slum dwellers have been sanctioned by the Ministry, out of which 112.73 lakh have been grounded and 91.50 lakh houses are completed/delivered to the beneficiaries. The remaining houses are at different stages of construction. Further, a total of Rs.1.99 Lakh crore of Central Assistance is sanctioned, out of which Rs. 1.68 Lakh crore has been released to States/UTs. Further, MoHUA has launched PMAY-U 2.0 Mission w.e.f. 01.09.2024 for assisting additional one crore families of urban areas across the country to construct, purchase & rent a house for eligible beneficiary at affordable cost.
