GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO.1923
TO BE ANSWERED ON JULY 31, 2025

URBAN CHALLENGE FUND

NO. 1923.   SHRI CAPTAIN BRIJESH CHOWTA:

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

(a) the objectives and key features of the Urban Challenge Fund including the criteria set for city selection and the types of urban innovation projects eligible for the same;

(b) the total funds allocation proposed thereunder and whether the funding would be performance-linked or demand-driven;

(c) whether the Government has invited proposals from States and Urban Local Bodies (ULBs) and if so, the details thereof along with the number of proposals received and approved so far;

(d) whether any cities from Karnataka, particularly Mangaluru or other urban centres in Dakshina Kannada have submitted proposals under the Urban Challenge Fund and if so, the details and the current status thereof; and

(e) the timeline fixed for implementation of approved projects and the mechanism put in place for monitoring and evaluation of outcomes?

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

(a) to (e): The Government of India, in the budget for 2025-26 has announced to set up an Urban Challenge Fund (UCF) of ₹1 lakh crore to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation'. As per the budget announcement, this fund is planned to 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 Partnerships (PPPs). ₹10,000 crore has been allocated for the financial year 2025-26. The objective is to enhance urban resilience and economic productivity through integrated urban planning, land-use efficiency, and sustainable financing.

The Draft Expenditure Finance Committee (EFC) Note for UCF initiative is at Inter-Ministerial Consultation stage.

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