

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO.1950
TO BE ANSWERED ON JULY 31, 2025**

FUNDS FOR URBAN INFRASTRUCTURE

NO. 1950. SHRI TANUJ PUNIA:

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

- (a) the manner in which the Government intends to interface with the National Bank for Financing Infrastructure and Development to ensure that urban infrastructure projects receive adequate and timely funding to meet future demands; and**
- (b) the details of the steps taken/being taken by the Government to address land acquisition issues and community concerns to ensure the smooth execution of projects keeping in view the challenges faced by projects such as the Dharavi Slum Redevelopment in Mumbai?**

ANSWER

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

(a) & (b): 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 would 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). Banks and Financial institutions including National Bank for Financing Infrastructure and Development can partner with the State/ Cities in taking up the projects under this scheme.

As per seventh schedule (Article 246) of the Constitution, land is a State subject. Further, as per 12th Schedule of the Constitution, Urban Planning is the function of Urban Local Bodies (ULBs)/ Urban Development Authorities. Government of India supplements the efforts of the States through schematic interventions/ advisories. It provides financial and technical support to the States to strengthen Urban Planning ecosystem.

The Government of India implemented the Scheme for Special Assistance to States for Capital Investment Scheme (SSASCI) (Urban Planning Reforms) during 2023-24 and 2024-25 in which, States were incentivised for undertaking various urban reforms including implementation of Town Planning Schemes (TPS) and Land Pooling Schemes (LPS). The TPS/ LPS reform component of the scheme has been extended for the year 2025-26. 81 LPS/TPS schemes in 15 States are at various stages of implementation.
