

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 3275
TO BE ANSWERED ON MARCH 12, 2026**

FUNDS FOR DEVELOPMENT OF EIGHT NEW CITIES

NO. 3275. DR. RAJ KUMAR CHABBEWAL:

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

- (a) whether it is a fact that the Rupees Eight Thousand crores allocated for a performance-based challenge fund to develop eight new cities has remained unutilised during the last five years and if so, the details thereof;**
- (b) whether any such city or urban project was proposed in Punjab, particularly in or around Hoshiarpur Lok Sabha Constituency, if so, the names and locations of the proposed cities;**
- (c) the reasons for the non-utilisation or under-utilisation of these funds for a prolonged period including delays in approvals, land acquisition, coordination with State Governments or changes in policy priorities in this regard;**
- (d) whether the Government has taken any measures to ensure time-bound utilisation of funds, fix accountability and revive or re-structure the new city projects including a revised timeline for implementation; and**
- (e) if so, the details thereof and if not, the reasons therefor?**

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

(a): Yes. 15th Finance Commission (15th FC) in its report for the year 2021-22 to 2025-26 has recommended a performance based challenge fund of Rs. 8,000 crore for incubation of 8 new cities.

(b): A proposal for incubation of "Aerotropolis in Mohali District" of Punjab was submitted by State Govt. of Punjab.

(c) to (e): During the process of detailed scrutiny and evaluation of the proposals, it appeared that the institutional and governance framework required to plan, execute and sustain new greenfield cities were underdeveloped in many of these proposals, thus raising concerns about the efficient utilization of 15th Finance Commission (FC) grants. New cities require massive, long-term public investment with robust revenue models. These aspects were not convincingly addressed in the proposals. Further, as informed by the Department of Expenditure, Ministry of Finance, the budgetary provision made for 'Incubation of New Cities' has already been re-appropriated to other grants and there is no budget provision under this grant in the current Financial Year 2025-26. In view of these reasons, the scheme of 'Incubation of New Cities' cannot be implemented, particularly when the 15th FC award period is coming to an end on 31.03.2026.
