

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 6328
ANSWERED ON APRIL 02, 2026**

STRENGTHENING OF URBAN LOCAL BODIES

NO. 6328. SHRI SRIBHARAT MATHUKUMILLI:

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

- (a) whether any study has been undertaken to assess the institutional and fiscal capacity requirements of Urban Local Bodies (ULBs) at the local government level and if so, the details thereof;**
- (b) the steps being taken by the Government to strengthen and increase the revenues of ULBs in the country and the results yielded so far during the last five years, particularly in Andhra Pradesh;**
- (c) whether the Government proposes to launch any new programmes for capacity building of ULBs to improve implementation of urban missions and schemes and if so, the details thereof;**
- (d) whether any such studies have examined international models of municipal revenue mobilisation including property taxation and fiscal autonomy and if so, the details thereof; and**
- (e) whether the Government has identified any best practices from such international models that could be adapted to strengthen the financial position of ULBs in the country and if so, the details thereof?**

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

(a): As per entry 5 of list II-State list of Seventh Schedule of the Constitution of India, 'Local Government' is a state subject and urban planning is a function of Urban Local Bodies (ULBs) as envisaged in the Twelfth Schedule of the Constitution of India. Accordingly, strengthening of institutional and fiscal capacity of ULBs is primarily the responsibility of the respective State Governments. The Government of India supplements the efforts of the States through various schemes, policy initiatives and advisories.

(b): The Government has taken several steps to strengthen institutional capacity and augment the revenues of Urban Local Bodies (ULBs) through initiatives such as the Scheme for Special Assistance to States for Capital Investment (SSASCI), fiscal transfer recommended by Central Finance Commission, Atal Mission for Rejuvenation and Urban Transformation (AMRUT) & AMRUT 2.0, etc.

Ministry of Housing & Urban Affairs (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. As per information by States/UTs and Securities and Exchange Board of India(SEBI), ₹5584 crore has been raised by ULBs in AMRUT cities, out of which ₹2000 crore has been raised by Amaravati and ₹80 crore has been raised by Vishakhapatnam in Andhra Pradesh.

Under AMRUT 2.0, through various reform initiatives such as, Outcome Based Reforms, Jal Hi Amrit and AMRUT Mitra, a total of ₹75.95 crore has been sanctioned during the last five years to the State of Andhra Pradesh. Under SSASCI 2025-26, the State of Andhra Pradesh has reported integration of property tax portal with Online Building Permission System (OBPS) and 10 cities/ULBs of Andhra Pradesh viz. Vijaywada, Rajamahendravaram, Eluru, Machilipatnam, Guntur, Nellore, Tirupati, Chittoor, Kadapa and Anantapuramu have linked property tax portal with revenue/registration portal.

Further, out of total allocation of ₹4,860 crore for Andhra Pradesh under the Fifteenth Finance Commission award period, an amount of ₹4,051.76 crore has been released to ULBs in Andhra Pradesh. All 123 ULBs in Andhra Pradesh have been updating Audited Financial Statements data since financial year (FY) 2021-22 as per recommendations of Fifteenth Finance Commission.

Further, the Government of India, in the Budget 2025-26, has announced setting up of an Urban Challenge Fund (UCF) of Rs 1 lakh crore. UCF supports raising market finance for strengthening of urban infrastructure through implementation of projects under three verticals namely 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and, 'Water and Sanitation'.

(c): There is no such proposal at present in the Ministry to launch any new programme for Capacity Building of ULBs.

(d)&(e): The various reforms already rolled out via the Finance Commission Grant releases, SSASCI and other reforms undertaken by MoHUA, contributes to improving the municipal revenue mobilization process.