

O.I.H.

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
STARRED QUESTION NO. 176
TO BE ANSWERED ON JULY 30, 2026**

IMPLEMENTATION OF URBAN CHALLENGE FUND

**NO. 176 SHRI RAJPALSINH MAHENDRASINH JADAV:
 SMT. BIJULI KALITA MEDHI:**

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

- (a) the status of implementation of the Urban Challenge Fund including the framework for project selection, funding pattern and the progress achieved during the Financial Year 2025-26, particularly in Dahod Lok Sabha Constituency of Gujarat;**
- (b) whether any guidelines have been issued for selection of cities and projects under the Fund and if so, the details thereof;**
- (c) the details of the sectors proposed to be covered under the Fund including redevelopment of cities, water and sanitation infrastructure and urban mobility, particularly in Dahod Lok Sabha Constituency of Gujarat; and**
- (d) the details of the planned financial outlay including the contribution of the Centre, States and other stakeholders?**

**ANSWER
THE MINISTER OF HOUSING AND URBAN AFFAIRS
(SHRI MANOHAR LAL)**

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) to (d) OF STARRED QUESTION NO. 176 DUE FOR ANSWER IN LOK SABHA ON JULY 30, 2026 REGARDING “IMPLEMENTATION OF URBAN CHALLENGE FUND”

(a) to (d): The Urban Challenge Fund (UCF) scheme has been operationalized with the launch of Operational Guidelines for UCF on 15th April, 2026. So far, 33 projects have been approved/ accorded in-principle approval. The State-wise details are given in Annexure. No proposal has been received from Gujarat State for Dahod Lok Sabha Constituency.

The UCF provides a total Central Assistance of ₹1 lakh crore over the Mission period. Under UCF, Central Assistance is limited to 25 per cent of the cost of bankable projects, with the stipulation that at least 50 per cent of the project cost shall be financed through market-based sources, including municipal bonds, bank loans and Public-Private Partnerships (PPPs). The remaining project cost is to be met by the concerned State/UT/ULB.

All Cities are eligible to participate under UCF. Chapter 7 of the operational guidelines includes details regarding the Project Appraisal and Challenge Framework including mandatory eligibility requirements, overall project flow/ implementation framework, and project evaluation process for appraisal and selection of projects. The list of admissible projects under UCF are given under chapter 5 of the operational guidelines. The scheme guidelines are in public domain and may be accessed at

<https://www.mohua.gov.in/static/uploads/2026/04/7950afb9b2d5cb773ba3d6c64bde9726.pdf>

UCF supports the development and strengthening of urban infrastructure through implementation of transformative and impactful projects under three verticals namely ‘Cities as Growth Hubs’, ‘Creative Redevelopment of Cities’ and ‘Water and Sanitation’.

ANNEXURE REFERRED TO IN REPLY TO PART (a) to (d) OF STARRED QUESTION NO. 176 DUE FOR ANSWER IN LOK SABHA ON JULY 30, 2026 REGARDING “IMPLEMENTATION OF URBAN CHALLENGE FUND”

**STATE-WISE NUMBER OF PROJECTS APPROVED/ ACCORDED IN-
PRINCIPLE APPROVAL UNDER UCF**

Sl. No.	State	Number of projects approved/ In-principle approval accorded
1	Andhra Pradesh	4
2	Gujarat	6
3	Karnataka	3
4	Madhya Pradesh	6
5	Maharashtra	3
6	Meghalaya	1
7	Odisha	7
8	Telangana	3
Total		33