

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 721
TO BE ANSWERED ON JULY 23, 2026**

**'CITIES AS GROWTH HUBS' INITIATIVE UNDER THE URBAN CHALLENGE
FUND**

NO. 721 SHRI TEJASVI SURYA:

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

- (a) whether implementation of the "Cities as Growth Hubs" initiative under the Urban Challenge Fund has commenced and if so, the details thereof including its implementation framework, funding pattern and the categories of projects proposed to be supported;**
- (b) the criteria for selection of cities and projects along with the details of proposals received, shortlisted and approved, State/UT-wise including those from Karnataka;**
- (c) whether urban governance, municipal finance and planning reforms have been prescribed as preconditions for availing assistance under the Fund and if so, the details thereof; and**
- (d) whether measurable outcome indicators and targets relating to private investment mobilisation, infrastructure creation, municipal reforms and economic development have been prescribed under the initiative and if so, the details thereof?**

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

(a) to (d): The Urban Challenge Fund (UCF) scheme has been operationalized with the launch of Operational Guidelines for UCF on 15th April, 2026. 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'.

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>

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.

So far, 33 projects have been approved/ accorded in-principle approval including 3 projects from State of Karnataka. The approved projects in Karnataka include sewerage infrastructure aimed at enhancing sewage treatment capacity and improving environmental outcomes, as well as major urban transport infrastructure such as flyovers and a section of the Peripheral Ring Road in Bengaluru to help decongest traffic and improve urban mobility. The State-wise details are given in Annexure.

Further, reforms implementation is an integral feature of the UCF. The reform provisions under the Scheme are contained in Chapter 8 of the Operational Guidelines. States/UTs are required to submit a reform roadmap and report progress to the Ministry. The reforms broadly cover Market & Financial Reforms, Governance & Digital Reforms, Operational & Capacity Reforms, Urban Planning & Spatial Reforms, Project-Specific Reforms (UCF-linked) to strengthen municipal governance, financial sustainability & service delivery which will in turn aid implementation of projects under UCF.

The Guidelines also provide for monitoring of project outcomes through measurable indicators, including mobilisation of market-based finance, infrastructure creation and implementation of project-linked reforms.

**ANNEXURE REFERRED TO IN REPLY TO PART (a) to (d) OF UNSTARRED QUESTION
NO. 721 DUE FOR ANSWER IN LOK SABHA ON 23 JULY, 2026 REGARDING 'CITIES
AS GROWTH HUBS' INITIATIVES UNDER THE URBAN CHALLENGE FUND**

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

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