

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 811
TO BE ANSWERED ON JULY 23, 2026**

GUIDELINES FOR URBAN CHALLENGE FUND

NO. 811 ADV. ADOOR PRAKASH:

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

- (a) whether the Government has finalised the guidelines for the recently approved Centrally Sponsored Scheme namely the "Urban Challenge Fund" and if so, the details thereof;**
- (b) whether private sector entities would have control over the projects under the Urban Challenge Fund and if so, the details thereof;**
- (c) whether the Urban Challenge Fund is proposed to replace the existing Central schemes for urban infrastructure development and if so, the details thereof; and**
- (d) whether the Union Government has held discussions with the State Governments regarding the implementation of the Urban Challenge Fund and if so, the details thereof?**

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

(a) to (c): The Ministry of Housing and Urban Affairs has launched Operational Guidelines for the Urban Challenge Fund (UCF) on 15th April, 2026. The scheme guidelines are in public domain and may be accessed at

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

UCF has been introduced to catalyse a paradigm shift in urban development by encouraging cities to transition towards market-based financing and integrated regional development. The Fund aims to position cities as a bankable asset class through targeted reforms, strengthened institutional capacity, improved governance and planning frameworks, and the development of sustainable revenue-generating urban infrastructure.

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Under UCF, private sector participation is governed by the respective State/ Union Territories (UT) Governments and the Urban Local Bodies (ULBs). As per UCF Guidelines, projects under UCF may be implemented by private entities endorsed by the State/UT Government. Further, ULBs, in their administrative jurisdiction, can designate the private entities as “Special Purpose Urban Infrastructure Manager (SPUIM)” for integrated delivery of housing, infrastructure, and Operations and Maintenance (O&M) in large-scale development.

(d): Following the launch of the Operational Guidelines of UCF, the Union Government has been actively engaged with States/ UTs. In addition to this, the Hon'ble Minister for Housing and Urban Affairs held a strategic meeting with the Ministers-in-charge of the Urban Development Departments of States/UTs on April 25, 2026, in New Delhi. The discussions focused on assisting States and UTs to effectively utilize the ₹1 lakh crore central assistance earmarked under the fund.
