








Ministry of Housing and Urban Affairs Budget Insights

VOL 3 | ISSUE 11

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8 February 2026

KEY HIGHLIGHTS

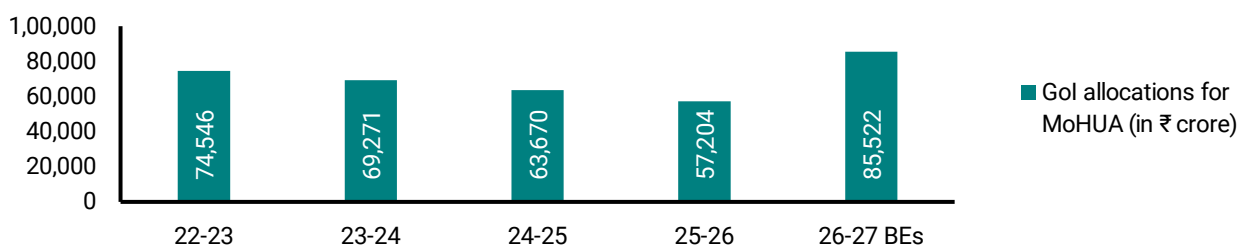
-  In FY 26-27 Budget Estimates (BEs), the Ministry of Housing and Urban Affairs (MoHUA) has been allocated ₹85,522 crore, a 50 per cent increase over the previous year's Revised Estimates (REs) but a 12 per cent decline compared to the BEs.
-  The Mass Rapid Transit System (MRTS) and Metro Project remain MoHUA's largest scheme, receiving an allocation of ₹28,796 crore in FY 26-27 BEs. This is followed by Pradhan Mantri Awas Yojana- Urban (PMAY-U) and its 2.0 version with an allocation of ₹21,625 crore.
-  Urbanisation remains a central government priority. The Budget Speech emphasised the development of City Economic Regions (CER) that will receive allocations of ₹5,000 crore, over five years, to sustain economic growth.
-  The government will strengthen infrastructure and urban amenities in Tier II and Tier III cities and temple towns through innovative financing and provide ₹100 crore incentives to promote large municipal bond issuance.
-  The Sixteenth Finance Commission has enhanced untied grants to urban local governments (ULGs) and introduced a ₹10,000 crore urbanisation premium to support rural-urban transitions. For more information on grants made to local governments by the Finance Commission read our detailed brief here.

According to the 2011 Census, 31.6 per cent of India's population lives in urban areas. This share is projected to rise to 50 per cent by 2047, underscoring the importance of planned urbanisation.¹ While urban development is a state subject and many functions have been devolved to ULGs,² MoHUA, plays a critical role in setting the national policy framework and shaping programmes for implementation across the country.³

TRENDS IN FINANCES FOR THE MINISTRY OF HOUSING AND URBAN AFFAIRS

- In FY 26-27 BEs, ₹85,522 crore was allocated to MoHUA, an increase of 50 per cent over the previous year's REs, but a 12 per cent decline compared to the BEs.
- Overall, there has been a decline in allocations, from ₹74,546 crore in FY 22-23 to ₹57,204 crore in FY 25-26, partly due to the discontinuation of certain key schemes.⁴

Figure 1: Allocations of the Ministry of Education from FY 22-23 to FY 26-27 BEs (in ₹ crore)



Source: Union budget documents, various years, available at [url](#), last accessed on 4 February 2026.

Note: Allocation figures for FY 22-23 to FY 25-26 are REs, and for FY 26-27 are BEs.

- Additionally, save for FY 22-23, when actual expenditure marginally exceeded allocations for that year by 1 per cent, expenditure has remained lower than allocations.
- The gap between allocation and expenditure has been increasing year-on-year. In FY 25-26, allocations for MoHUA were cut by 41 per cent at the RE stage.
- The Ministry's share in the Gross Domestic Product (GDP) has also declined from 0.29 per cent in FY 22-23 to 0.22 per cent in FY 26-27 BEs.

Table 1: Trends in allocations and expenditures (in ₹ crore) between FY 22-23 and FY 25-26

FY	BE	Actuals	% Change
22-23	76,549	77,310	1
23-24	76,432	68,565	-10
24-25	82,577	53,255	-36
25-26	96,777	57,204.	-41

Source: Union budget documents, various years, available at [url](#), last accessed on 4 February 2026.

Note: For FY 25-26, the change (in %) reflects the change between the BEs and REs. In all other years, it reflects the change (in %) between the BEs and Actuals.

KEY SCHEMES OF THE MINISTRY OF HOUSING AND URBAN AFFAIRS

This section summarises financial trends across MoHUA's major schemes. Detailed descriptions of each scheme are provided in **Annexure-1**.

- Over the years, MRTS and Metro Projects have accounted for the largest share of MoHUA's allocations. In FY 26-27 BEs, they constitute 34 per cent of total allocations. This is followed by PMAY-U and PMAY-U 2.0, which account for 25 per cent of the Ministry's allocations for FY 26-27 BEs.
- All schemes recorded higher allocations in FY 26-27 BEs, as compared to the previous year's REs. However, these increases should be interpreted with caution. Except for the PM-SVANIDHI scheme that saw a 53 per cent increase in allocations at the RE stage, all other schemes experienced reductions.
- The National Urban Digital Mission received no funds at the RE stage. The Urban Challenge Fund, announced in the FY 25-26 Budget Speech, was reduced by 90 per cent. This was followed by reductions in the PM e-bus Sewa Scheme (77 per cent), PMAY-U and PMAY-U 2.0 (67 per cent), and the Swachh Bharat Mission- Urban (SBM-U) (60 per cent).
- Actual expenditure has consistently fallen short of BEs for several schemes. The National Urban Digital Mission stands out as none of the allocated funds were utilised in FY 24-25. This is because the scheme had not received Cabinet approval.⁵
- SBM-U and AMRUT have faced persistent underutilisations between FY 22-23 and FY 24-25. In contrast, the National Capital Region Transport Corporation has fully utilised its allocations and exceeded them in FY 24-25. Utilisation under MRTS and Metro Projects has generally remained high. Spending under PM SVANIDHI has improved, although the scheme continues to account for a small share of MoHUA's total allocations.
- Utilisation under PMAY-U and PMAY-U 2.0 has declined in recent years, largely due to unspent balances with states and a slowdown in completion of housing projects. A detailed review of allocations, utilisation, and outcomes under these schemes, including their financing verticals, is available in our [PMAY-U Budget Insights](#)

Table 2: Trends in allocations and expenditures across key education schemes (in ₹ crore)

Schemes		22-23	23-24	24-25	25-26	26-27
MRTS and Metro Projects	BE	19,165	19,579	21,336	31,889	28,796
	Actuals	18,893	19,506	24,756	27,550	-
	%	-1	-0	16	-14	-
MRTS and Metro Projects: National Capital Region Transport Corporation	BE	4,710	3,596	3,596	2,918	2,200
	Actuals	4,710	3,596	3,855	2,000	-
	%	-	-	7	-31	-
Prime Minister's Street Vendors' Atmanirbhar Nidhi (PM SVANIDHI)	BE	150	468	326	373	900
	Actuals	406	445	443	572	-
	%	171	-5	36	53	-
PMAY- Urban and PMAY- Urban 2.0	BE	28,000	25,103	30,171	23,294	21,625
	Actuals	28,653	21,684	5,865	7,800	-
	%	2	-14	-81	-67	-
Deendayal Antyodaya Yojana- National Urban Livelihood Mission (DAY-NULM)	BE	900	-	300	-	-
	Actuals	547	501	29	-	-
	%	-39	-	-90	-	-
Deendayal Jan Ajeevika Yojana- Shehari (DJAY (S))	BE	-	-	-	-	537
	Actuals	-	-	62	200	-
	%					
AMRUT (Atal Mission for Rejuvenation and Urban Transformation)	BE	7,300	8,000	8,000	10,000	8,000
	Actuals	6,500	5,591	5,647	7,500	-
	%	-11	-30	-29	-25	-
Smart Cities Mission	BE	6,800	8,000	2,400	-	-
	Actuals	8,653	7,982	2,126	-	-
	%	27	-0	-11	-	-
National Urban Digital Mission	BE	-	-	1,150	1,250	300
	Actuals	-	-			
	%			-100	-100	
Swachh Bharat Mission (SBM)- Urban	BE	2,300	5,000	5,000	5,000	2,500
	Actuals	1,926	2,392	1,893	2,000	
	%	-16	-52	-62	-60	
PM e-Bus Sewa Scheme	BE			1,300	1,310	500
	Actuals		1	477	300	
	%			-63	-77	
Urban Challenge Fund	BE				10,000	10,000
	Actuals				1,000	
	%				-90	

Source: Union budget documents, various years, available at [url](#), last accessed on 4 February 2026.

Note: FY 22-23 Actuals for MRTS and Metro Projects include allocations/ expenditure under the Kochi Metro Rail Project and Transport Planning and Capacity building in urban transport. FY 22-23 BEs and FY 23-24 BEs include allocations for transport and capacity building in urban transport. Allocations for PMAY 2.0 started from the FY 24-25 RE stage.

MAIN DEVELOPMENTS

- The Standing Committee on Housing and Urban Affairs observed that downward revisions at the RE stage stem from scheme designs (such as PMAY-U and PMAY-U 2.0, SBM-U, AMRUT, National Urban Digital Mission, and PM e-Bus Sewa), where expenditure depends on states raising demand for funds. Since low demand affects achievement of targets, the Committee placed the responsibility on MoHUA to generate demand for central funds and address constraints that delay utilisation at the state level.⁶
- The Standing Committee also flagged delays in scheme finalisation and approvals. The PM e-Bus Sewa Scheme announced in the FY 21-22 Budget Speech was approved only in August 2023, while approvals for the National Urban Digital Mission and Urban Challenge Fund remain pending. MoHUA has been directed to finalise scheme documents prior to Budget announcements to avoid delays in fund utilisation.⁷ Further, the Committee recommended that MoHUA prepare a long-term vision aligned with the 'Viksit Bharat' agenda, estimate the investment requirement for this, align allocations, and support ULBs in planning.⁸
- Under the **Smart Cities Mission**, 8,064 projects were taken up, of which 7,767 (96 per cent) were completed, and 297 were ongoing as of 15 January 2026.⁹ Outcomes include integrated command and control centres, installation of more than 83,000 CCTV cameras, conservation of 484 heritage sites, redevelopment of markets in 58 cities, over 17,000 km of water supply networks, and more than 1,700+ km of accessible roads.¹⁰ Special Purpose Vehicles have been constituted in each smart city to oversee implementation and maintenance.¹¹
- Under the **MRTS and Metro Project scheme**, 17 metro rail projects have been approved in Tier-II cities.¹² A total of 1,083 km of metro rail is operational across 25 cities, making India the third-largest metro network globally.¹³
- Under **AMRUT**, 6,008 projects worth ₹83,463 crore have been grounded, with works worth ₹80,469 crore completed. This includes 1,403 water supply projects, 890 sewerage and septage projects, and 838 storm water drainage projects. Additionally, 9 water body rejuvenation projects and 2,529 parks and green space projects have been taken up, as well.¹⁴ Under **AMRUT 2.0**, 8,804 projects have been approved, which include 3,516 water supply projects and 583 sewerage/ septage projects.¹⁵ While 3,292 projects have been grounded, the remaining are at various stages of tender approval.
- Under the now-concluded **DAY-NULM**, over 10 lakh self-help groups were formed, more than 15 lakh candidates received skill training, and 1,995 shelters with 1.4 lakh beds were established.¹⁶
- As of 20 January 2026, over 1.05 crore loans amounting to ₹16,100 crore had been disbursed to 71.5 lakh street vendors under **PM-SVANIDHI**.¹⁷
- Under the PM e-Bus Sewa Scheme, as on December 2025, 9,360 e-buses have been approved across 15 States and 4 Union Territories, covering 106 cities.¹⁸

ANNEXURE- 1

Scheme Name	Description
MRTS and Metro Projects	MoHUA oversees the planning, financing, and implementation of Mass Rapid Transit System (MRTS) and metro rail projects to enhance urban mobility and strengthen inter-city and intra-city connectivity.
MRTS and Metro Projects: National Capital Region Transport Corporation	Established to develop and operate a regional commuter transit system across the National Capital Region to improve connectivity.
Prime Minister's Street Vendors' Atmanirbhar Nidhi (PM SVANIDHI)	Provides collateral-free working capital loans to street vendors to support business revival across census towns, urban agglomerations, and peri-urban areas.
PMAY-U and PMAY-U 2.0	Launched in 2015 to provide all-weather pucca houses with basic civic amenities to eligible urban households. PMAY-U 2.0, launched in September 2024, aims to facilitate the construction, purchase, or rental of one crore additional houses over five years.
Deendayal Antyodaya Yojana- National Urban Livelihood Mission (DAY-NULM)	Focused on reducing poverty and vulnerability among the urban poor through community institutions, skill development, placement-linked training, and access to subsidised credit for self-employment. The mission concluded in September 2024.
Deendayal Jan Ajeevika Yojana- Shehari (DJAY (S))	Launched as a three-month pilot in October 2024 across 25 cities, focusing on six occupational categories including gig, construction, transport, care, waste, and domestic workers, the scheme aims to address vulnerabilities of urban poor.
AMRUT (Atal Mission for Rejuvenation and Urban Transformation)	Launched in 2015 to improve urban water supply, sewerage and septage management, drainage, non-motorised transport, and green spaces across 500 cities. AMRUT 2.0, launched in October 2021, emphasises water security, recycling and reuse of treated wastewater, and rejuvenation of water bodies through a circular water economy approach.
Smart Cities Mission	Launched in 2015 to promote sustainable and citizen-centric urban development. 100 cities were selected under the mission.
National Urban Digital Mission	Supports the scaling up of digital governance systems and technology platforms to improve urban service delivery.
Swachh Bharat Mission (SBM)- Urban	Launched in 2014 to achieve open defecation-free cities and scientific management of municipal solid waste. SBM-U 2.0, launched in October 2021, focuses on achieving garbage-free cities through source segregation, door-to-door collection, and sustainable waste processing.
PM e-Bus Sewa Scheme	Launched in 2023 to augment public bus transport through deployment of electric buses under innovative public-private partnership models, enabling private operators to finance, procure, operate, and maintain over 20,000 buses.
Urban Challenge Fund	Established to support cities as growth hubs through redevelopment, water, and sanitation projects. The Fund finances up to 25 per cent of the cost of bankable projects, with at least 50 per cent mobilised through bonds, bank loans, and PPPs.

REFERENCES

- ¹ 3rd Report, Demand for Grants 25-26 of the Ministry of Housing and Urban Affairs (12 March 2025) available at [url](#).
- ² The Constitution (Seventy-Fourth Amendment) Act, 1992.
- ³ Ministry of Housing and Urban Affairs, About Us, [url](#).
- ⁴ The Smart Cities Mission and Deendayal Antyodaya Yojana- National Urban Livelihood Mission (DAY-NULM) have both been discontinued. The latter has been succeeded by a new pilot initiative, Deendayal Jan Ajeevika Yojana- Shehari (DJAY (S)).
- ⁵ 3rd Report, Demand for Grants 25-26 of the Ministry of Housing and Urban Affairs (12 March 2025) available at [url](#).
- ⁶ *Ibid.*
- ⁷ *Ibid.*
- ⁸ *Ibid.*
- ⁹ Lok Sabha Unstarred Question No. 199 (29 January 2026) available at [url](#).
- ¹⁰ *Ibid.*
- ¹¹ Lok Sabha Unstarred Question No. 34 (29 January 2026) available at [url](#).
- ¹² Lok Sabha Unstarred Question No. 130 (29 January 2026) available at [url](#).
- ¹³ Lok Sabha Unstarred Question No. 3110 (18 December 2025) available at [url](#).
- ¹⁴ Lok Sabha Unstarred Question No. 3064 (18 December 2025) available at [url](#); Lok Sabha Unstarred Question No. 90 (29 January 2026) available at [url](#).
- ¹⁵ Lok Sabha Unstarred Question No. 90 (29 January 2026) available at [url](#); Lok Sabha Unstarred Question No. 3064 (18 December 2025) available at [url](#).
- ¹⁶ Schemes for Urban Poor (29 January 2026) available at [url](#).
- ¹⁷ *Ibid.*
- ¹⁸ Lok Sabha Unstarred Question No. 824 (4 December 2025) available at [url](#).

About ResGov

The Foundation for Responsive Governance (ResGov) is a Section 8 not-for-profit working to strengthen the capabilities of government and communities to ensure public initiatives reach the most vulnerable.

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Suggested Citation: Suggested citation: Malhotra, P., Kapur, A., and Pandey, S. (2026), Ministry of Housing and Urban Affairs Budget Insights, Volume 3, Issue 11, Foundation for Responsive Governance, New Delhi. 8 February 2026.

Acknowledgements

This is a team effort and we are grateful to the entire team at ResGov.

Design Credit: Yashoda Banduni

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