Pune's merged villages included on paper, excluded in reality

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Every few years, a city grows; not organically, but officially, through a govt notification. Villages on the edge get absorbed into a municipal corporation, residents acquire new addresses, and maps are redrawn. What rarely follows at the same speed is an actual plan to deliver services to these newly incorporated areas.

Today, hundreds of thousands of Pune residents are navigating this situation. The population within Pune Municipal Corporation (PMC) limits is estimated to be at least 45.7 lakh, while in the larger metropolitan area is roughly 74 lakh. A substantial and rising portion of these residents live in the 32 villages incorporated into PMC in the last 10 years. These mergers have expanded PMC's jurisdiction to over 520 sqkm, establishing it as the largest civic body by area in Maharashtra. Despite this administrative scale, many residents in newer territories continue to wait for fundamental infrastructure, including consistent piped water, functional sewage systems, and paved roads.

The reasons for this are structural and worth understanding clearly. When a village is absorbed into a municipal corporation, it falls under the latter's regulatory and tax framework. What it does not receive immediately is infrastructure that older areas have accumulated over decades. Water mains, sewer lines, treatment plants, and roads are all built from scratch, in places already densely settled and growing fast.

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Seven of the 32 merged villages currently have no sewage pipeline connection at all. A proposal worth Rs2,000 crore has been submitted under AMRUT 2.0 just to address sewage in these areas. In Nov 2025, PMC proposed redirecting Rs24 crore from merged villages' water supply budget to older parts of the city, reflecting the resource pressures the corporation faces across its now much larger geography.

Two revenue problems lie at the centre of this. The first involves Goods and Services Tax (GST). After Local Body Tax was abolished in 2017, PMC began receiving a monthly GST grant from the state in its place, currently set at Rs225 crore per month. But this has never been revised to account for economic activity generated within merged villages. Areas like Wagholi, Manjri and Bavdhan contribute significantly to the state's GST pool, yet this has not translated into additional resources for the corporation servicing them. The cumulative amount PMC believes it is owed stands at over Rs1,886 crore. The most recent letter on this was sent to state's urban development department in Oct 2025. After nine years and multiple follow-ups, a formal decision is awaited.

The second problem is property tax. Legal clarity on assessment methodology for merged villages is still awaited from state govt. Around 4.5 lakh provisional bills have been generated, but not formally issued. PMC has yet to recover Rs1,245 crore in property tax from these areas, with nearly 5.05 lakh property owners still owing the levy. In late 2024, the state suspended property tax collection in these villages after pre-elections political pressure. Residents have been vocal about their reluctance to pay taxes for services they are not receiving.

This last point deserves attention. The conventional property tax model in India treats payment as an obligation tied to ownership, and not to service delivery. In merged areas where the service deficit is stark and visible, this model has stopped working. Residents see no connection between what they pay and what they receive, and compliance has suffered accordingly. A shift toward amenity-linked property taxation, where rates are calibrated to the actual level of services available in an area, would change this dynamic. It would give residents a reason to pay and give the corporation clear accountability for delivery. This is not a novel idea in urban policy globally, and it deserves serious consideration in the Indian context, particularly for cities navigating large-scale boundary expansions.

Pune's situation is not unique, but it is unusually well-documented. The revenue gaps are quantifiable, the infrastructure deficit is on record, and the administrative bottlenecks are identifiable. That clarity is in itself an opportunity, if the right policy responses follow.

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