

Rep. by Act 38 of 1978, S. 2 + Sch. I

THE RULERS OF INDIAN STATES (ABOLITION OF PRIVILEGES) ACT, 1972

No. 54 OF 1972

[9th September, 1972]

An Act further to amend certain enactments consequent on derecognition of Rulers of Indian States and abolition of privy purses, so as to abolish the privileges of Rulers and to make certain transitional provisions to enable the said Rulers to adjust progressively to the changed circumstances.

Enacted by Parliament in the Twenty-third Year of the Republic of India as follows:—

Short title and commencement.

1. (1) This Act may be called the Rulers of Indian States (Abolition of Privileges) Act, 1972.

(2) Save as otherwise provided in this Act, it shall come into force at once.

Amendment of Act 5 of 1898.

2. In section 197A of the Code of Criminal Procedure, 1898,—

(a) in sub-section (1), for clause (b), the following clauses shall be substituted, namely:—

‘(b) “commencement of the Constitution” means the 26th day of January, 1950; and

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(c) "Ruler", in relation to a former Indian State, has the same meaning as in article 363 of the Constitution.;

(b) in sub-section (2), after the words "Ruler of a former Indian State", the words "before the commencement of the Constitution" shall be inserted;

(c) in sub-section (3), after the words "Ruler of a former Indian State", the words "for such offence" shall be inserted.

3. In section 87B of the Code of Civil Procedure, 1908,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) In the case of any suit by or against the Ruler of any former Indian State which is based wholly or in part upon a cause of action which arose before the commencement of the Constitution or any proceeding arising out of such suit, the provisions of section 85 and sub-sections (1) and (3) of section 86 shall apply in relation to such Ruler as they apply in relation to the Ruler of a foreign State.;"

(b) in sub-section (2),—

(i) the word "and" at the end of clause (a) shall be omitted;

(ii) for clause (b), the following clauses shall be substituted, namely:—

(b) "commencement of the Constitution" means the 26th day of January, 1950; and

(c) "Ruler", in relation to a former Indian State, has the same meaning as in article 363 of the Constitution.;"

4. Section 168 of the Representation of the People Act, 1951, shall be omitted.

5. In the Wealth-tax Act, 1957, in section 5, in sub-section (1),—

(a) in clause (iii), for the words "any one building in the occupation of a Ruler declared by the Central Government as his official residence", the words, brackets and figures "any one building in the occupation of a Ruler, being a building which immediately before the commencement of the Constitution (Twenty-sixth Amendment) Act, 1971, was his official residence by virtue of a declaration by the Central Government" shall be substituted with effect from the 28th day of December, 1971;

(b) to clause (xiv), the following provisos shall be added, namely:—

"Provided that in the case of jewellery recognised by the Central Government as aforesaid, such recognition shall be subject to the following conditions, namely:—

(i) that the jewellery shall be permanently kept in India and shall not be removed outside India except for a purpose and period approved by the Board;

Amendment of Act 5 of 1908.

Amendment of Act 43 of 1951.

Amendment of Act 27 of 1957.

Repealed

(ii) that reasonable steps shall be taken for keeping the jewellery substantially in its original shape;

(iii) that reasonable facilities shall be allowed to any officer of Government authorised by the Board in this behalf to examine the jewellery as and when necessary; and

(iv) that if any of the conditions hereinbefore specified is not being duly fulfilled, the Board may, for reasons to be recorded in writing, withdraw the recognition retrospectively with effect from the date of commencement of clause (b) of section 5 of the Rulers of Indian States (Abolition of Privileges) Act, 1972 and in such a case, wealth-tax shall become payable by the Ruler for all the assessment years after such commencement for which the jewellery was exempted on account of the recognition.

*Explanation.*—For the purposes of clause (iv) of the foregoing proviso, the fair market value of any jewellery on the date of the withdrawal of the recognition in respect thereof shall be deemed to be the fair market value of such jewellery on each successive valuation date relevant for the assessment years referred to in the said proviso:

Provided further that the aggregate amount of wealth-tax payable in respect of any jewellery under clause (iv) of the foregoing proviso for all the assessment years referred to therein shall not in any case exceed fifty per cent. of its fair market value on the valuation date relevant for the assessment year in which recognition was withdrawn;”

Amend-  
ment of  
Act 18 of  
1958.

6. In section 5 of the Gift-tax Act, 1958, in sub-section (1), clause (xvi) shall be omitted with effect from the 1st day of April, 1973.

Amend-  
ment of  
Act 43 of  
1961.

7. In the Income-tax Act, 1961,—

(a) in section 10,—

(i) after clause (18), the following clause shall be inserted, namely:—

“(18A) any *ex gratia* payments made by the Central Government consequent on the abolition of privy purse;”;

(ii) clause (19) shall be omitted with effect from the 2nd day of April, 1973;

(iii) before clause (20), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 28th day of December, 1971, namely:—

“(19A) the annual value of any one palace in the occupation of a Ruler, being a palace, the annual value whereof was

*Repealed*

exempt from income-tax before the commencement of the Constitution (Twenty-sixth Amendment) Act, 1971, by virtue of the provisions of the Merged States (Taxation Concessions) Order, 1949 or the Part B States (Taxation Concessions) Order, 1950 or, as the case may be, the Jammu and Kashmir (Taxation Concessions) Order, 1958:

Provided that for the assessment year commencing on the 1st day of April, 1972, the annual value of every such palace **in the occupation of such Ruler** during the relevant previous year shall be exempt from income-tax;"

(b) in section 297, in sub-section (2),—

(i) in clause (l), the words "until rescinded by the Central Government" shall be omitted;

(ii) to clause (l) as so amended, the following proviso shall be added, namely:—

"Provided that the Central Government may rescind any such notification or amend it so as to rescind any exemption, reduction in rate or other modification made thereunder;"