

H. H. MAHARAJ RANA HEMANT SINGHJI, DHOLPUR v. COMMISSIONER OF INCOME-TAX, RAJASTHAN

Civil Appeal No. 779 of 1971; Originating High Court proceedings: I.T.R. No. 5 of 1966
[1976] 3 SCR 423 | 1976-02-17

Gold sovereigns, silver coins and silver bars used on special religious occasions were capital assets, not personal effects. The historical exclusion required a personal-use connection, which ritual display of these holdings did not establish.

2-judge bench | A. C. Gupta, J. | Jaswant Singh, J.

Historical personal-effects wording

The judgment applied the 1922 Act, whose illustration included jewellery. Its reasoning does not certify an exemption under later statutory definitions.

Operative context: Indian Income-tax Act, 1922; 2(4A)(ii), 12B, 66(1).

01 FACTS OF THE CASE

After the death of the Maharaja of Dholpur, the Rajasthan Government sealed his valuables pending succession. On recognition of Hemant Singhji as successor, the assets were released to his guardian. They included 4,825 gold sovereigns, 7,90,440 old silver rupee coins and silver bars weighing 2,54,174 tolas. During financial year 1957-58 they were sold, at the Government of India's suggestion, for net proceeds of Rs. 20,78,257.

The Income-tax Officer computed capital gains of Rs. 3,44,303. The assessee said the assets were personal effects used for Maha Lakshmi Puja and other family rituals; the tax authorities and Rajasthan High Court rejected that claim. The referred question concerned whether the sold assets fell within the capital-asset definition and section 12B.

Source: [SCR 423 G-H](#); [424 A-G](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 2(4A)(ii) then excluded movable personal effects, with wearing apparel, jewellery and furniture given as illustrations. The Court read "personal use" in that context: an intimate connection between the article and the assessee's person was necessary. Articles merely capable of personal use did not qualify.

The bullion plainly failed that test. Producing sovereigns and coins from safes for worship on particular festivals also did not turn them into personal effects. The Court treated such use as ritual display or ornamentation rather than the required personal use. Its discussion of wealth-tax wording and G. S. Poddar supported the distinction between ordinary personal or household articles and valuables displayed as possessions.

Arundhati Balkrishna did not answer the point because that issue had neither been canvassed nor considered there. The decision concerned the actual bullion and coin holdings proved on this record; it did not determine the status of every ceremonial object. The statute's historical inclusion of jewellery must be kept distinct from the wording applicable in later years.

Source: [SCR 425 C-H; 426 A-H; 427 A-F](#)

03 JUDICIAL DECISION

The assets were capital assets and could not be excluded from the computation as personal effects. The assessee's appeal was dismissed with costs, leaving the adverse reference answer intact.

Source: [SCR 427 E-F](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee appeal dismissed. Result: Revenue. Costs: With costs. Scope: Personal-effects claim rejected for these sovereigns, coins and silver bars. Limit: Historical section 2(4A)(ii); no general present-day jewellery exemption.

Source: [SCR 427 F](#)

05 AKHB REVIEW POINT

Document each article's character and demonstrated use instead of relying on family tradition or occasional worship alone. Read the assessment-year definition first: a category expressly excluded from personal effects cannot regain exemption merely through proof of personal use. Distinguish the historical statutory illustrations from the reasoning about bullion and coins.

Source: [SCR 425 D-G; 426 D-H; 427 C-F](#)

SOURCE & VERIFICATION

Original reported Supreme Court judgment

5-page retained public-mirror SCR report. The complete report was read as text and page images. Fresh remote authentication as a signed original is not claimed.

Open cited source rendition

All five source pages inspected. Caption image confirms 17 February 1976, although the extracted text misreads 11. The source states financial year 1957-58; no unstated assessment year is supplied. Asset quantities, proceeds and computed gains are preserved separately.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 2(4A)(ii), 12B, 66(1).

The 2011 section 2(14)(ii) excludes jewellery and specified art/collection categories. Its amendment notes identify jewellery exclusion from 1 April 1973 and expanded art/collection wording from 1 April 2008. Usha Devi applied the earlier 1972-73 text.

Section 2(22), explanation(B), expressly excludes jewellery, archaeological collections, drawings, paintings, sculptures and works of art from personal effects. Hemant and Usha Devi therefore do not create a present jewellery exemption.

The 2025 Act commenced 1 April 2026. Section 536 preserves 1961 proceedings/procedure for tax years beginning before that date and pending proceedings; compare the actually applicable law.

Related-section tags are research cross-references, not provisions decided in this judgment or verified mappings beyond the specific comparisons and source bounds below.

No automatic precedent carry-over or verified case-specific 2025 applicability is claimed.

LATER TREATMENT

Source checked 2026-10-07. Usha Devi (1998) expressly distinguished Hemant's bullion and coins from jewellery worn on ceremonial occasions. It explained that intimate and common use does not mean daily use. Its taxpayer-favourable result applied assessment year 1972-73, when jewellery was still included in the personal-effects text.

The source is an unofficial judicial-text reproduction. The later case preserves the bullion/coin result while qualifying an overly literal use-frequency test; it supplies no present-day jewellery exemption. Comprehensive subsequent history remains unverified.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 1961, as amended by Finance Act 2011; supplied DOR compilation](#)

Section 2(14)(ii) and amendment note 43; physical 47-48, printed 1.6-1.7. Selected text only; not current 1961 consolidation or image verification.

[Income-tax Act, 2025, as amended by Finance Act 2026](#)

Section 2(22), explanation(B); physical 4-6, especially lines 199-214. Selected web-extracted text; no raw-PDF/image verification or all-amendments certificate.

[Commissioner of Income-tax v. Usha Devi \(1998-05-14\), nonofficial judicial text reproduction](#)

Unofficial Indian Kanoon judgment reproduction. Judicial text only, from opening assessment-year paragraph through dismissal. Covers relevant-time statute, ceremonial use, Hemant Singhji distinction, and disposition. Unnumbered HTML paragraphs, no reliable printed pagination supplied.

[Statutory comparison pinpoint](#)

Section 2(22), explanation(B); physical 4-6, especially lines 199-214.

[Statutory comparison pinpoint](#)

Section 1(3), physical 1; section 536(2)(c),(e), physical 584-585, extracted lines 24385-24408.

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

PROFESSIONAL DISCLAIMER

General information, not legal or tax advice. Verify the complete judgment, applicable law and subsequent treatment before reliance. Source review is not independent professional approval.