

Trustees of H.E.H. the Nizam's Pilgrimage Money Trust, Hyderabad v. Commissioner of Income Tax, Andhra Pradesh, Hyderabad

Civil Appeal No. 2328 (NT) of 1995 with Civil Appeal Nos. 9269-9270 of 1995

[2000] 3 SCR 179 | 2000-04-20

Historical wealth-tax exemption: charitable purposes in India and trust objects.

Wealth-tax Act, 1957: sections 5(1)(i) and 27(1) | Indian Trusts Act, 1882: section 34 | Code of Civil Procedure, 1908: section 92

2-judge bench | D. P. Wadhwa, J. | Syed Shah Mohammed Quadri, J.

Assessment years: 1974-75, 1975-76, 1976-77, 1977-78

Wealth-tax holding; cy pres relief not adjudicated

The decision concerns section 5(1)(i) of the Wealth-tax Act for historical years. The Court did not determine a properly constituted cy pres claim; it held that such relief did not arise in these proceedings.

01 FACTS OF THE CASE

The Nizam established the trust in 1950 with a Rs. 22,20,000 corpus for specified pilgrimage and religious purposes. After his death in 1967 it became a public charitable and religious trust, with purposes specified for Hedjaz and/or Iraq. Restrictions on sending money abroad led the trustees to resolve in 1968 to spend on certain objects in India. In 1973 the Chief Judge, City Civil Court, granted an application under section 34 of the Trusts Act. The trustees relied on that order to claim wealth-tax exemption for AYs 1974-75 to 1977-78; the Tribunal and High Court rejected the claim.

Source: [SCR pp. 182-185](#) / [PDF pp. 4-7](#)

02 DISCUSSION BY THE HON'BLE COURT

The phrase in India in section 5(1)(i) qualified the charitable or religious public purpose, not the location of the property. Indian situs alone therefore did not establish exemption. Section 34 was a special jurisdictional provision of the Trusts Act, which did not apply directly to this public trust; general equitable trust principles could not supply that jurisdiction. The section 34 application also failed the requirements of a section 92 CPC suit. Consequently, neither the resolution nor the City Civil Court order effectively altered the relevant trust objects.

Source: [SCR pp. 185-187](#) / [PDF pp. 7-9](#)

03 JUDICIAL DECISION

The Court upheld the High Court's answers in favour of the Revenue and dismissed all appeals with costs. It recognised the general role of cy pres where charitable purposes become impossible or impracticable, but expressly declined to decide that aspect in the nature of these proceedings.

Source: [SCR p. 187 / PDF p. 9](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Revenue on the claimed wealth-tax exemption. The trust could not secure exemption merely because its property was in India or because it had obtained the particular section 34 order. This is not a rejection of every possible proceeding to validly alter charitable objects.

Source: [SCR pp. 186-187 / PDF pp. 8-9](#)

05 AKHB REVIEW POINT

AKHB analysis: separate the location of assets from the geographical scope of permitted charitable objects. Check the trust deed, the precise exemption language and the jurisdiction supporting any purported modification. For a public trust, a trustees' resolution or an order under an inapplicable procedural provision should not be assumed to amend objects. Current income-tax exemptions require independent statutory analysis.

Source: [AKHB analysis based on SCR pp. 185-187 / PDF pp. 7-9](#)

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Nine-page SCR scan, pp. 179-187; full judgment begins on PDF page 4. Despite the reported respondent title, these are Wealth-tax Act references, not income-tax exemption appeals.

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STATUTORY SCOPE

Apply the historical statutory provisions and assessment years stated in this note. Present statutory applicability and any Income-tax Act, 2025 crosswalk have not been determined.

LATER TREATMENT

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