

Privy Purse, Meaning, History, Purpose, Abolishment, Cases

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Privy Purse was a tax free payment given to former princely rulers after India's independence to ensure smooth political integration. The Privy Purse system emerged during 1947-49 as rulers surrendered sovereignty and merged their states with the Union of India. It was constitutionally protected under Article 291 and continued until 1971. The Privy Purse later became controversial and was abolished to promote equality and remove hereditary privileges.

Privy Purse Historical Background

After independence, India faced the challenge of integrating more than 560 princely states into a unified nation through agreements and political negotiations.

- **Integration of Princely States:** At **independence** in 1947, around 555-565 princely states existed, covering nearly 48% of India's area and 28% population. They acceded through Instruments of Accession, surrendering defence, foreign affairs and communications powers.

- **Role of Leaders:** **Vallabhbhai Patel** and **V. P. Menon** played a key role in convincing rulers of states like Hyderabad, Bhopal and Travancore to join India peacefully through diplomatic negotiations and agreements.
- **Merger Agreements:** Between 1948 and 1949, states signed Merger Agreements or Covenants of Integration, transferring complete administrative control and revenues to India in return for Privy Purse payments and privileges.
- **Political Necessity:** The Privy Purse arrangement was designed to avoid conflicts, ensure administrative stability and prevent fragmentation of India during the sensitive transition from monarchy to democracy.

Privy Purse Purpose

The Privy Purse system aimed to compensate rulers for surrendering sovereignty and maintain stability during India's transition to a democratic republic.

- **Compensation Mechanism:** Privy Purse payments were given as compensation for rulers who gave up ruling powers, state revenues and public assets while merging their territories into the Indian Union.
- **Financial Support:** These payments covered personal expenses of royal families, including religious ceremonies, household maintenance and traditional obligations associated with their former status.
- **Political Stability:** The arrangement ensured peaceful integration by avoiding resistance from powerful rulers, thus preventing internal conflicts and ensuring unity of newly independent India.
- **Transitional Device:** Privy Purse was considered a temporary arrangement to ease the shift from princely rule to democratic governance, not a permanent entitlement.
- **Variation in Amounts:** Privy Purse payments varied widely based on state revenue and status. States like Hyderabad, Mysore, Travancore, Baroda, Jaipur, Patiala, Nawanagar, Bhavnagar, Rewa, Bhopal and Kolhapur received ₹1,000,000 or more annually, while about 100 rulers got ₹100,000+ and smaller states received amounts as low as ₹5,000 per year.

Also Check: **Nizam of Hyderabad**

Privy Purse Constitutional Framework

The Privy Purse system had a strong constitutional basis that ensured its legality and protection until its removal in 1971.

- **Article 291:** It guaranteed Privy Purse payments as tax free sums charged on the **Consolidated Fund of India**, making them secure and not subject to parliamentary vote or reduction.
- **Article 366(22):** This provision defined rulers and allowed the President to recognize them, forming the legal basis for granting Privy Purse and associated privileges.
- **Article 362:** It directed the government to respect rights and privileges promised to rulers under merger agreements, though it was non justiciable in nature.
- **Article 363A:** Introduced by the 26th Amendment, it ended recognition of rulers and abolished all privileges, including Privy Purse, making such claims legally invalid.

Privy Purse Abolishment

The Privy Purse system faced criticism over time and was finally abolished in 1971 after political and legal challenges.

- **1970 Constitutional Attempt:** A proposal to abolish Privy Purse was passed in **Lok Sabha** but failed in **Rajya Sabha** by one vote, lacking the required two-thirds majority.
- **Presidential Order 1970:** The President issued an order under Article 366(22) withdrawing recognition of rulers, stopping Privy Purse payments, which was later challenged in the Supreme Court.
- **Supreme Court Judgment:** The Supreme Court ruled in favour of rulers, stating that constitutional guarantees could not be removed through executive action without proper constitutional amendment.
- **26th Amendment 1971:** The **Constitution (Twenty Sixth Amendment) Act, 1971** abolished Privy Purse, removed recognition of rulers and ended all privileges granted under earlier agreements.

Privy Purse Case Laws

Legal disputes around Privy Purse played an important role in shaping constitutional interpretation and limits of executive power.

- In **Madhav Rao Scindia Case 1971**, former rulers challenged the Presidential order abolishing Privy Purse and the Supreme Court ruled that executive action could not override constitutional provisions.
- The judgment established that rights guaranteed by the Constitution can only be altered through formal constitutional amendments, not administrative decisions.
- After the 26th Amendment, legal challenges became ineffective due to **Article 363A**, which barred judicial review on matters related to former rulers' privileges.
- Courts later emphasized that continued use of royal titles violates constitutional principles under **Article 14** and **Article 18**, reinforcing equality and abolition of hereditary distinctions.

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