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Court: Pak cannot claim Hyd Nizam's £35m in UK

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London: The UK high court on Wednesday ruled in favour of India and the titular eighth Nizam of Hyderabad and his younger brother in a case they had been fighting against Pakistan relating to who has the rights to £35m (Rs 306 crore) stashed away in a British bank account since Partition.

India and the titular eighth Nizam and his brother, who are the grandsons of the seventh Nizam, have a confidential settlement on how to

split the money.

The dispute centred on a corpus of £1 million and one guinea that on September 20, 1948 was transferred by the seventh Nizam's finance minister, Nawab Moin Nawaz Jung, from a government bank account to another in London held by Pakistan's then high commissioner to the UK, Habib Ibrahim Rahimtoola. This was during the Indian annexation of the princely state of Hyderabad.

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Nizam's case another victory for India & Harish Salve against Pak

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The grandson of the seventh Nizam, Turkey-based Mukarram Jah, and his younger brother Muffakham Jah have laid claim to the fund, saying it had been gifted to them in a trust set up by their grandfather on April 24, 1963. The Pakistan government, on the other hand, says it was a payment made by the erstwhile princely state to Pakistan for arming Hyderabad when it was about to be invaded by India.

On July 8, 1954, the seventh Nizam together with the state of Hyderabad issued a writ before the UK high court against Pakistan and Rahimtoola, asking for the £1 million to be returned to them. On July 19, 1955, Rahimtoola got the writ set aside on the premise that the English courts were interfering with Pakistan's sovereign immunity.

The money has stayed frozen in a British bank account ever since and grown to £35 million in the span of seven decades.

"In 2013, Pakistan felt that with the distance of time, it would bring action against the bank and the bank would pay and it would walk away. But the bank said there were two other claimants — the princes and India. Pakistan issued a notice of discontinuance, but we argued it was against the interests of justice to withdraw and the case came back. Whether they will appeal, I don't know," Salve

What's The Hyderabad Fund?

In 1948, Hyderabad's finance minister transferred £1 million to the Westminster Bank (now NatWest Bank) account of Habib Ibrahim Rahimtoola, then Pakistan's high commissioner in London. The money has since grown to £35 million (₹306 crore). Mir Osman Ali Khan, then Nizam of Hyderabad, said he had no knowledge of the money transfer and it was done without his approval. The money in the frozen account is popularly known as Hyderabad Fund



Claimants: Mir Osman Ali Khan, his grandsons Mukarram Jah (the present titular head) and Muffakham Jah, other members of the Nizam's family, India (which entered into a pact with the Nizam's family) and Pakistan

The Dispute: Initially between Mir Osman Ali Khan and Pakistan. India also claimed the money as the Nizam had in 1965 assigned his claim to the Fund to the President of India

Where Will The Money Go?

It will be distributed between the Indian government and the legal heirs of the Nizam

said after the verdict.

He praised Justice Marcus Smith for drawing up a 140-page judgment on such a complex case in just three months. The two-week trial had ended in June.

"We had a good case. We won both times," Salve said, referring to the ICJ verdict on Jadhav.

Handing down his verdict on Wednesday, Justice Smith said the seventh Nizam was beneficially entitled to the £35 fund, as were the princes and India. "The fund was held by Pakistan through her high commissioner in the UK on trust for Nizam VII and his successors in title. The fund was not held by Rahimtoola personally, nor did either Pakistan or Rahimtoola have any beneficial interest in the fund," he ruled.

Salve said: "Historians will be interested in Pakistan publicly acknowledging it was supplying arms. Whether to Nizam's army or the Razakars militia, I don't know."

Over 120 heirs to share Nizam's fund

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Hyderabad: With the Business and Property Courts of England and Wales ruling that India and legal heirs of Mir Osman Ali Khan, the last Nizam of princely state of Hyderabad, are entitled to £35 million (Rs 306 crore) held up in the NatWest Bank since September 1948, the focus now shifts to the distribution of money among the claimants.

According to sources in the Nizam's family, the money will be shared by Indian government, and the Nizam estate represented by Mukarram Jah and Muffakham Jah, grandsons of the Nizam, and 120 others who were part of the "estate". Nizam's another grandson, Najaf Ali Khan, who heads the Nizam's Family Welfare Association, had impleaded in the case along

with about 120 legal heirs of the former ruler. They all now form part of the Nizam estate, which was supported by India, against Pakistan's claim over the money, popularly known as Hyderabad Fund.

The Nizam estate had a secret understanding with Indian government and as per the deal, the amount will be shared between the claimants. If Indian government will claim its share is not known as the deal has been kept under wraps. A city historian says more than money, it was a prestige issue for India and Pakistan. However for the cash-poor claimants of the Nizam family, Wednesday's judgment has come as a bonanza. Except for a couple of members of the erstwhile royal family, most claimants struggle to make both ends meet, family sources told TOI.