

INTERPRETATION OF STATUTES

① Statute → Enacted law
→ Act of Parliament / State legis

- For a common man, 'Statute' generally means laws and regulations of various kinds irrespective of the source from which they emanate.
- In India 'statute' means an enacted law by the Parliament or by the state legislature.
- However, the Constitution does not use the terms 'statute' though one finds the terms 'law' used in many places.
- In short 'statute' signifies written law as against unwritten law.

G(A) ⇒ Inclusive

E(A) ⇒ Exhaustive

Document

→ Includes

For definition of Document given under General clauses act refer chapter 13- General Clauses Act, 1897

Section 3 of the Indian Evidence Act, 1872 states that 'document' means any matter expressed or described upon any substance by means of letters, figures or marks or by more than one of those means, intended to be used, or which may be used, for the purpose of recording that matter.

Example : A writing is a document; any words printed, photographed are documents.

What are the four elements of Document?

- Matter**—This is the first element. Its usage with the word "any" shows that the definition of document is comprehensive.
- Record**—This second element must be certain mutual or mechanical device employed on the substance. It must be by writing, expression or description.
- Substance**—This is the third element on which a mental or intellectual elements comes to find a permanent form.
- Means**—This represents forth element by which such permanent form is acquired and those can be letters, any figures, marks, symbols which can be used to communicate between two persons.

letter / figure / ABC Q 123

Instrument

'Instrument':

- For a common man, 'instrument' means a formal legal document which creates or confirms a right or records a fact.
- It also means a formal legal document having legal effect, either as creating a right or liability or as affording evidence of it.
- Section 2(14) of the Indian Stamp Act, 1899 states that 'instrument' includes every document by which any right or liability is or purports to be created, transferred, extended, extinguished or recorded.
- **Examples :-** Agreement, Deed, charter etc.

Instrument ⇒ legal document

Right Create

Right Confirm

Right Dispose

Deed

‘Deed’:

- In India, no distinction seems to be made between instruments and deeds.
- ‘Deed’ as an instrument in writing (or other legible representation or words on parchment or paper) purporting to effect some legal disposition.
- All deeds are instruments though all instruments may not be deeds.

Interpretation

‘Interpretation’:

Interpretation means the process by which the Courts seek to ascertain the meaning of the legislature through the medium of the words in which it is expressed.

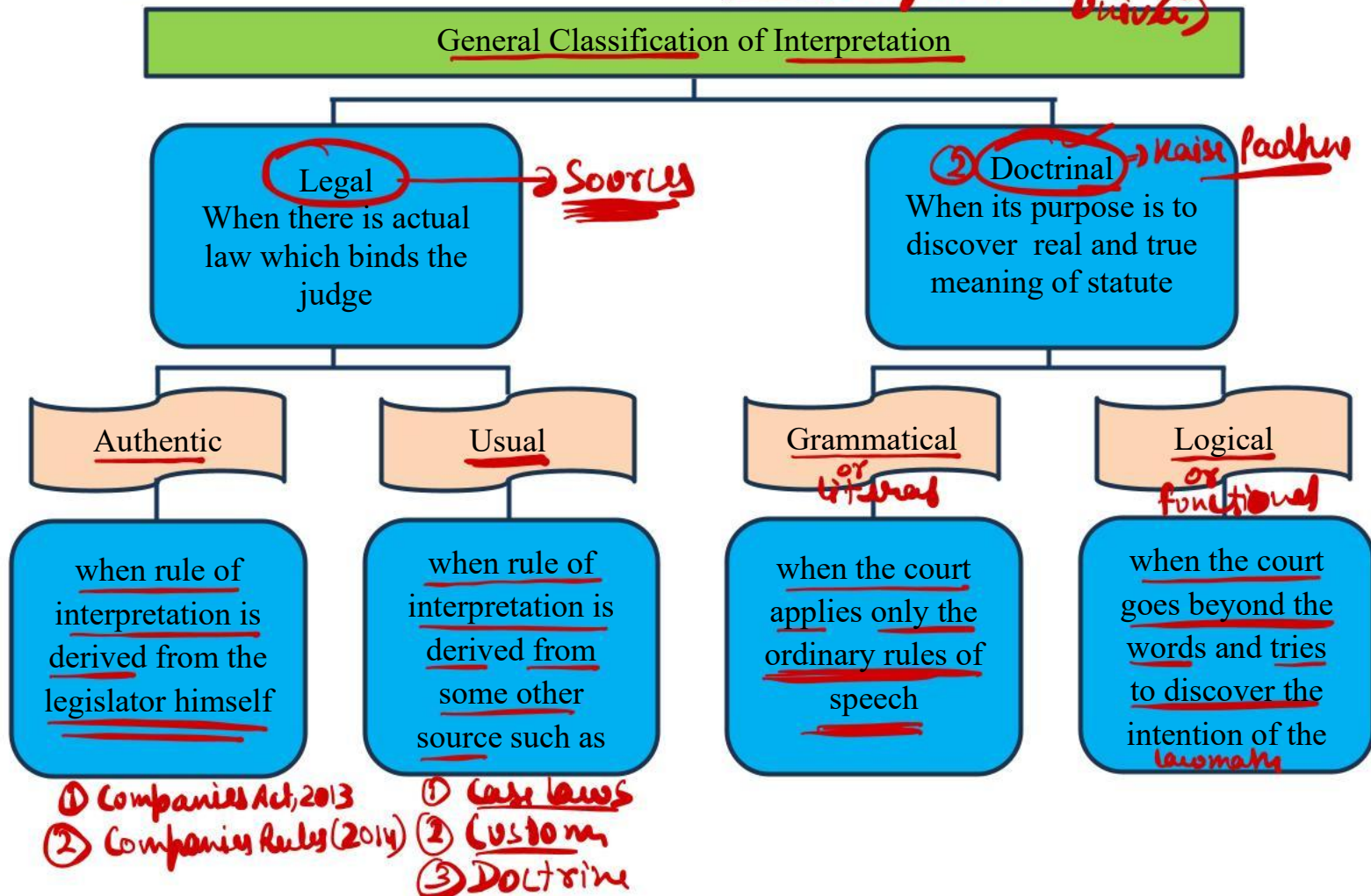
In Simple words, ‘interpretation’ is the process by which the real meaning of an Act or a document and the intention of the legislature in enacting it or of the parties executing the document is ascertained.

Importance of Interpretation:

The process of statute making and the process of interpretation of statutes take place separately from each other, and two different agencies are concerned.

Interpretation serves as the bridge of understanding between the two.

Classification by Jolowicz (Professor → Cambridge Univ.)



Small Co → Pusc 0-46r ✓
Conjunctive → T/O 0-406r ✓

Eligible Co
Public Co
New → 100% or no
T/O → 500% or more
Disjunctive

Classification by Fitzgerald

According to Fitzgerald, interpretation is of two kinds – ‘literal’ and ‘functional’.

The literal interpretation is that which regards conclusively the verbal expression of the law.

The duty of the Court is to ascertain the intention of the legislature and seek for that intent in every legitimate way, but first of all in the words and the language employed.

‘Functional’ interpretation is that which departs from the letter of the law and seeks elsewhere for some other and more satisfactory evidence of the true intention of the legislature.

Construction → logical / Interpret / Reasonable / functional

- ‘Construction’ as applied to a written statute or document means to determine from its known elements its true meaning or the intention of its framers.
- Construction involves drawing conclusions beyond the actual expressions used in the text.
- This is done by referring to other parts of the enactment and the context in which the law was made.
- Thus, when you do construction of a statute you are attempting to ascertain the intention of the legislature.

Difference between literal and logical

Difference between Interpretation and Construction:

- While more often these two terms are used interchangeably but these two terms have different connotations.
- Interpretation is the art of ascertaining the meaning of words and the true sense in which the author intended that they should be understood.
- Thus, where the Court adheres to the plain meaning of the language used by the legislature, it would be ‘interpretation’ of the words.
- But where the meaning is not plain, the court has to decide whether the wording was meant to cover the situation before the court. Here, the court would be resorting to ‘construction’.

Rules of interpretation/construction

Primary Rules

- Rule of Literal Construction ①
- Rule of Reasonable Construction ②
- Rule of Harmonious Construction ③
- The Rule in Heydon's Case or Mischief Rule ④
- Rule of Beneficial Construction ⑤
- Rule of Exceptional Construction ⑥
- Rule of Ejusdem Generis ⑦

Secondary Rules

- Doctrine of Noscitur a Sociis
- Doctrine of Contemporanea Expositio

Rules of Literal construction/Interpretation

- The first and primary rule of construction is that the intention of the legislature must be found in the words used by the legislature itself.
- It is a cardinal rule of construction that a statute must be construed literally and grammatically giving the words their ordinary and natural meaning.
- It is the primary duty of the court to interpret the words used in legislation according to their ordinary grammatical meaning in the absence of any ambiguity or doubt.
- Normally, where the words of a statute are in themselves clear and unambiguous, then these words should be construed in their natural and ordinary sense and it is not open to the court to adopt any other hypothetical construction. This is called the rule of literal construction.
- This principle is contained in the Latin maxim "absoluta sententia expositore non indiget" which literally means "an absolute sentence or preposition needs not an expositor". In other words, plain words require no explanation.

Narrow Vs Wider Interpretation

Sometimes, occasions may arise when a choice has to be made between two interpretations – one narrower and the other wider. In such a situation, if the narrower interpretation would fail to achieve the purpose of the legislation, one should rather adopt the wider one.

When we talk of disclosure of 'the nature of concern or interest, financial or otherwise' of a director or the manager of a company in the subject-matter of a proposed motion (as referred to in section 102 of the Companies Act, 2013), we have to interpret in its broader sense of referring to any concern or interest containing any information and facts that may enable members to understand the meaning, scope and implications of the items of business and to take decisions thereon.

What is required is a full and frank disclosure without reservation or suppression, as, for instance where a son or daughter or father or mother or brother or sister is concerned in any contract or matter, the shareholders ought fairly to be informed of it and the material facts disclosed to them. Here a restricted narrow interpretation would defeat the very purpose of the disclosure.

Natural and grammatical meaning

Statutes are to be first understood in their natural, ordinary, or popular sense and must be construed according to their plain, literal and grammatical meaning.

Example :

In a question before the court whether the sale of betel leaves was subject to sales tax. The Supreme Court held that betel leaves could not be given the dictionary, technical or botanical meaning when the ordinary and natural meaning is clear and unambiguous. Being the word of everyday use, it must be understood in its popular sense by which people are conversant with it as also the meaning which the statute dealing with the matter would attribute to it. Therefore, the sale of betel leaves was liable to sale tax.

No Tax on Vegetable & Fruits

Rules of interpretation/ construction

Technical words are to be understood in technical sense: This point of literal construction is that technical words are understood in the technical sense only.

In construing the word 'practice' in the Supreme Court Advocates Act, 1951, it was observed that practice of law generally involves the exercise of both the functions of acting and pleading on behalf of a litigant party. When legislature confers upon an advocate the right to practice in a court, it is legitimate to understand that expression as authorizing him to appear and plead as well as to act on behalf of suitors in that court.

Rules of Reasonable construction

- According to this Rule, the words of a statute must be construed 'ut res magis valeat quam pereat' meaning thereby that words of statute must be construed so as to lead to a sensible meaning.
- Similarly, when the grammatical interpretation leads to a absurdity then the courts shall interpret the statute so as to resolve the inconsistency
- This principle is contained in the Latin maxim, interpretatio fienda est ut res magis valeat quam pereat. In short, Statues should be construed grammatically.
- This is also called the Golden Rule of Interpretation.
- When grammatical/literal interpretation leads to certain absurdity, it is permissible to depart there from and to interpret the provision of the statutes in a manner so as to avoid that absurdity

Rules of Harmonious construction

- The opposite of "harmony" is conflict.
- Thus, this rule is applied when there is a conflict between two provisions of a statute.
- It is a basic rule of interpretation that if it is possible to avoid a conflict between two provisions on a proper construction thereof, then it is the duty of the court to so interpret them that they are in harmony with each other.
- A specific rule will override a general rule.
- This principle is usually expressed by the maxim, "generalia specialibus non derogant".

In some cases, the statute may give a clear indication as to which provision is subservient and which overrides.

This is done by the use of the terms "subject to", "notwithstanding" and "without prejudice"

Subject to

When "subject to" used in a provision is that same subject matter is covered by that provision and by another provision subject to which it operates and there is a conflict between them, then the latter will prevail over the former provision which contains the word subject to.

This limitation cannot operate, when the subject matter of the two provisions is not the same.

Thus, a clause that uses the words "subject to" is subservient to another.

Example : Section 13(2) of the Companies Act, 2013, "Any change in the name of a company shall be subject to the provisions of sub-sections (2) and (3) of section 4 and shall not have effect except with the approval of the Central Government in writing."

Sec 4(2)
&
Sec 4(3)

Section 3

Section 4 → Subject to the provisions of Section 3

This implies that the any change in the name of the company has to in accordance with the provisions of the section 4(2) and section 4(3) of the Companies Act, 2013.

Notwithstanding / Non-obstante/

- A clause that begins with the words “notwithstanding anything contained” is called a non-obstante clause. → overriding clause
- The notwithstanding clause has the effect of making the provision prevail over others.
- When this term is used then the clause will prevail over the other provision(s) mentioned therein.

Rules of interpretation/ construction

A notwithstanding clause can operate at four levels.

Clause	Effect	Examples
<u>Notwithstanding anything contained in another section or subsection of the statute</u> ①	Clause will override such other section/subsection	<u>Section 54, Section 76 of Companies Act, 2013</u>
<u>Notwithstanding anything contained in a statute</u> ②	Clause will override entire statute	<u>Section 97, 106, 110 of Companies Act, 2013</u>
<u>Notwithstanding anything contained in section or subsection or all provisions of another statute</u> ③	Clause will prevail over the other enactment	<u>Section 212(6) of the Companies Act, 2013</u>
<u>Notwithstanding anything contained in any other law for the time being in force</u> ④	Clause will override all other laws	<u>Section 72(3), 77(3), 132(2), 132(4) of Companies Act, 2013</u>

Without prejudice

When certain particular provisions follow general provisions and when it is stated that the particular provisions are without prejudice to those general provisions, then the particular provisions would not restrict the operation of the general provisions.

Example : Section 4(3) of the Companies Act, 2013, “Without prejudice to the provisions of sub-section (2), a company shall not be registered with a name which contains.....”

This implies that while registering (and deciding) the name of the company [as per section 4(3)], provisions of section 4(2) shall also be operative.

Rule in Heydon’s Case or Mischief Rule

Where the language used in a statute is capable of more than one interpretation, the most firmly established rule for construction is the principle laid down in Heydon’s case.

In Heydon’s case it was laid down that “for the true and sure interpretation of all Statutes in general, four things are to be considered.

- (1) What was the law before the making of the act?
- (2) What was the defect, mischief, hardship caused by the earlier law?

- (3) How does the act of Parliament seek to resolve or cure the mischief or deficiency?
 (4) What are the true reasons for the remedy?

And then the courts shall make such construction as will suppress the mischief and advance the remedy." Sec 37 of 1A, 2013

Thus, applying Heydon's case, courts will be bound to look at the state of the law at the time of the passing of the enactment and not only as it then stood, but under previous Statutes too.

Example - Application of this mischief rule is also well-found in the construction of section 2(d) of the Prize Competition Act, 1955. This section defines 'prize competition' as "any competition in which prizes are offered for the solution of any puzzle based upon the building up arrangement, combination or permutation of letters, words or figures". The issue was whether the Act applies to competitions which involve substantial skill and are not in the nature of gambling. Supreme Court, after referring to the previous state of law, to the mischief that continued under that law and to the resolutions of various states under Article 252(1) authorizing Parliament to pass the Act has stated as follows: "having regard to the history of the legislation, the declared object thereof and the wording of the statute, we are of opinion that the competitions which are sought to be controlled and regulated by the Act are only those competitions in which success does not depend on any substantial degree of skill."

Rules of Beneficial Construction

- This is strictly speaking not a rule but a method of interpreting a provision liberally.
- Beneficial construction will be given to a statute, which brings into effect provisions for improving the conditions of certain classes of people who are under privileged or who have not been treated fairly in the past.
- In such cases it is permissible to give an extended meaning to words or clauses in enactments.
- But this can only be done when two constructions are reasonably possible and not when the words in a statute are quite unequivocal. not ambiguous

Rules of Exceptional Construction

"And" and "Or"

General Rule :-

And - The word "and" is normally conjunctive.

In its conjunctive sense the word is used to conjoin words, clauses or sentences, signifying that something is to follow in addition to that, which precedes.

Or - The word "or" is a disjunctive particle that marks an alternative, generally corresponding to "either", as "either this or that".

Can "and" be read as "or" and vice versa?

The word "and" is normally conjunctive, while "or" is disjunctive. But sometimes "and" is read as "or" and vice versa to give effect to the manifest intention of the legislature as disclosed from the context.

Section 3 → A company may be formed for lawful purpose

Rules of interpretation / Construction

“May”, “Must” and “Shall”

‘May’ signifies permission and implies that the authority has been allowed **discretion**.

‘Shall’ in the normal sense imports a **command**.

‘Must’ is doubtlessly a word of **command**.

In all cases, however, the intention of the legislature will guide the interpreter in his search of meaning.

‘May’ though permissive sometimes has **compulsory force** and is to be read as shall. Although it is well – settled that ordinarily the word ‘may’ is always used in a permissive sense, there may be circumstances where this word will have to be construed as having been used in a mandatory or compulsory sense.

What is distinction between mandatory and directory provisions.

Mandatory - Where the provision prescribes that the contemplated action be taken without **(shall/must)** any option then such provision will be called mandatory.

Directory - Where, the acting authority is vested with **discretion, choice** or judgment, the provision will be called directory.

How to decide whether the statute is directory or mandatory?

The question is whether there is anything that makes it the **duty** of the person on whom the power is conferred to exercise that power. If it is so then the Statute is a mandatory one; otherwise it is directory.

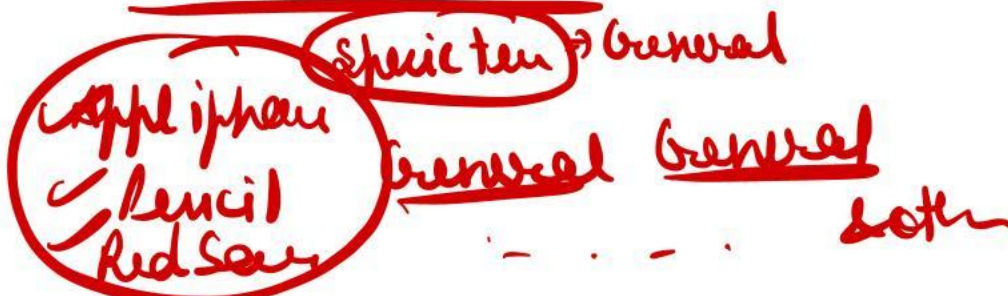
The question as to whether a statute is mandatory depends upon the intent of the legislature and not upon the language in which the intent is clothed.

Rules of Ejusdem Generis

- The term ‘ejusdem generis’ means ‘of the same kind or species’.
- Where specific words pertaining to a class/category are followed by general words, the general words shall be construed as limited to the things of the same kind as those specified class/category.
- This rule applies when:
 - The statute contains an enumeration of specific words → Pen, pencil, Eraser
 - The subject of enumeration constitutes a class or category; → Stationery items
 - That class or category is not exhausted by the enumeration → Scale, sharpener
 - General terms follow the enumeration; and
 - There is no indication of a different legislative intent.
- This rule has no application where the intention of the legislature is clear.

Exceptions:

- If the preceding term is general, as well as that which follows this rule cannot be applied.
- Where the particular words exhaust the whole genus. **category**
- Where the specific objects enumerated are essentially diverse in character.
- Where there is an express intention of legislature that the general term shall not be read ejusdem generis the specific terms.



Doctrine of Noscitur a Sociis

Noscitur a Sociis means that when two or more words that are susceptible of analogous meaning, are coupled together they are understood to be used in their cognate sense.

Words used in the statute takes their colour from each other, that is the meaning of the more general word being restricted to a sense analogous to that of the less general.

Examples of the principal of Noscitur a Sociis are as follows:

Fresh orange juice is not a fruit juice.

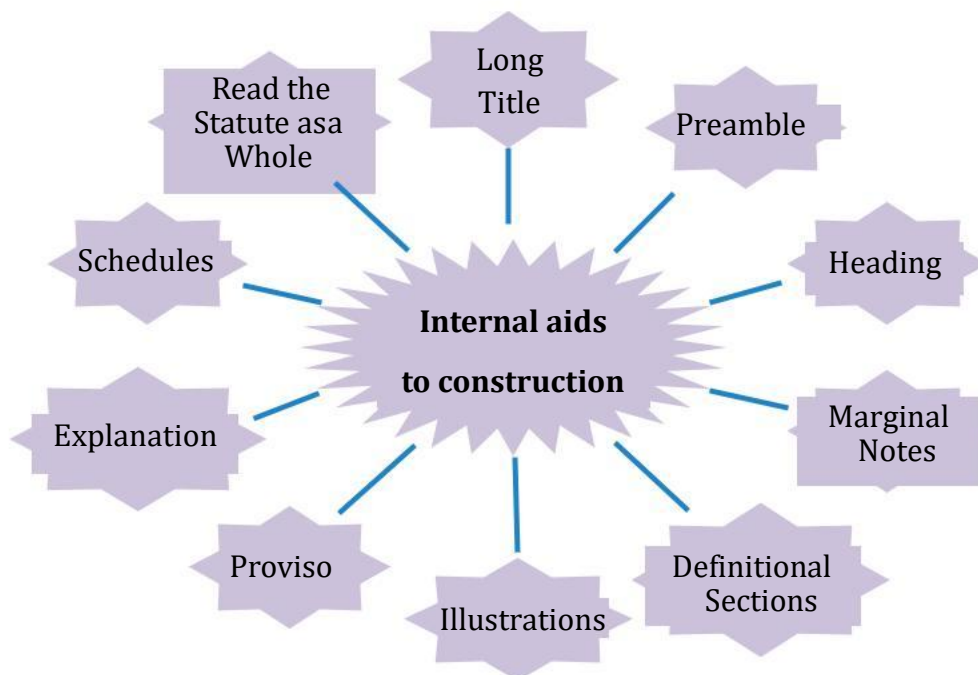
While dealing with a Purchase Tax Act, which used the expression “manufactured beverages including fruit-juices and bottled waters and syrups”,

It was held that the description ‘fruit juices’ as occurring therein should be construed in the context of the preceding words and that orange-juice unsweetened and freshly pressed was not within the description.

Doctrine of Contemporanea Expositio

- The maxim “Contemporanea Expositio est optima et fortissima in lege” means “contemporaneous exposition is the best and strongest in the law.”
- This means a law should be understood in the sense in which it was understood at the time when it was passed.
- The maxim “optima legum interpres est consuetudo” simply means, “Custom is the best interpreter of law”.
- But remember that this maxim is to be applied for construing ancient statutes, but not to Acts that are comparatively modern.

Internal aids to interpretation/construction



Long Title

Difference between Short Title and Long Title –

1. An enactment would have what is known as a 'Short Title' and also a 'Long Title'.
2. The 'Short Title' only identifies the enactment and is chosen merely for convenience, the 'Long Title' on the other hand, describes the enactment and does not only identify it.

Example of Long Title : Full title of the Supreme Court Advocates (Practice in High Courts) Act, 1951 specify that this is an Act to authorize Advocates of the Supreme Court to practice as of right in any High Court. ⇒ Purpose

Example of Short Title :- The Companies Act, 2013

Common Points :-

Long Title is a part of the Enactment.

But if the wording of the statute gives rise to doubts as to its proper construction, we can refer to Long Title for interpretation

Long Title cannot override the clear meaning of the enactment.

Preamble

- Meaning - The Preamble expresses the scope, object and purpose of the Act more comprehensively than the Long Title.

Common Points :-

- Preamble is a part of the Enactment.
- But if the wording of the statute gives rise to doubts as to its proper construction, we can refer to Preamble for interpretation
- Preamble cannot override the clear meaning of the enactment.

Example : Use of the word 'may' in section 5 of the Hindu Marriage Act, 1955 provides that "a marriage may be solemnized between two Hindus....." has been construed to be mandatory in the sense that both parties to the marriage must be Hindus as defined in section 2 of the Act. It was held that a marriage between a Christian male and a Hindu female solemnized under the Hindu Marriage Act was void. This result was reached also having regard to the preamble of the Act which reads: 'An Act to amend and codify the law relating to marriage among Hindus

Heading and title of a chapter

Meaning :- If we go through through any Act, we would generally find that a number of its sections referring to a particular subject are grouped together, sometimes in the form of chapters, prefixed by headings and/or Titles.

Common Points :-

- Heading of a chapters is a part of the Enactment.
- But if the wording of the statute gives rise to doubts as to its proper construction, We can refer to Heading and title of a chapter for interpretation
- Heading of a chapter cannot override the clear meaning of the enactment.

CH-9 ⇒ Accounts of Co. ⇒ Sec 128 - Sec 138
 Sec 135 ⇒ CSR

Marginal Notes

- Marginal notes are side notes often found at the side of a section or group of sections in an Act
- They are not a part of the enactment, for they were not present when the Act was passed in Parliament but inserted after the Act has been so passed. Hence, they are not an aid to construction.
- However, marginal notes appended to Articles of the Constitution have been held to be part of the Constitution as passed by the Constituent Assembly and therefore have been used in construing the Articles.
- Contradictory views :- In one of the case law, it has been held that “Marginal notes in an Indian statute, as in an Act, of Parliament cannot be referred to for the purpose of construing the statute”, and the same view has been taken in many other cases. Many cases show that reference to marginal notes may be permissible in exceptional cases for construing a section in a statute.

Definitional Section/Interpretation Clauses

It is quite common to find in the Statutes ‘definitions’ of certain words and expressions used in the body of the statute.

The purpose of a definition clause is two-fold:

- to provide a **key to the proper interpretation** of the enactment, and
- to **shorten the language** of the enacting part by avoiding repetition of the same words contained in the definition part every time the legislature wants to refer to the expressions contained in the definition.

Restrictive and extensive definitions

The definition of a word or expression in the definition section may either be restricting of its ordinary meaning or may be extensive of the same.

When a word is defined to ‘mean’ such and such, the definition is ‘prima facie’ restrictive and exhaustive we must restrict the meaning of the word to that given in the definition section.

But where the word is defined to ‘include’ such and such, the definition is ‘prima facie’ extensive: word defined has extensive meaning which also includes the meaning assigned to it in the definition section.

We may also find a word being defined as ‘means and includes’ such and such. In this case, the definition would be exhaustive.

On the other hand, if the word is defined ‘to apply to and include’, the definition is understood as extensive.

Ambiguous definitions

Sometime, we may find that the definition section may itself be ambiguous, and so it may have to be interpreted in the light of the other provisions of the Act and having regard to the ordinary meaning of the word defined.

Such type of definition is not to be read in isolation.

It must be read in the context of the phrase which it defines, realising that the function of a definition is to give accuracy and certainty to a word or phrase which would otherwise be vague and uncertain but not to contradict it or depose it altogether.

Internal aids to interpretation/construction

Example : Termination of service of a seasonal worker after the work was over does not amount to retrenchment as per the Industrial Disputes Act, 1947.

Example : But the termination of employment of a daily wager who is engaged in a project, on completion of the project will amount to retrenchment if the worker had not been told when employed that his employment will end on completion of the project.

Internal aids to interpretation/construction

Definitions subject to a contrary context: When a word is defined to bear a number of inclusive meanings, the sense in which the word is used in a particular provision must be ascertained from the context of the scheme of the Act, the language of the provision and the object intended to be served thereby.

Illustrations

- We would find that many sections have illustrations appended(attached) to them.
- These illustrations are given after the text of the Sections and, therefore, do not form a part of the Sections.
- Illustrations cannot have the effect of modifying the language of the section
- Illustration can neither curtail nor expand the ambit of the section.

Common Points:-

- Illustrations given in the Act is a part of the Enactment.
- Illustrations cannot override the clear meaning of the enactment.

Proviso

1. Proviso that are so included begin with the words, "provided that".
2. The normal function of a proviso is to except something out of the enactment or to qualify something stated in the enactment which would be within its purview if the proviso were not there.
3. Usually, a proviso is embedded in the main body of the section and becomes an integral part of it.
4. As a general rule, a proviso is added to an enactment to qualify or create an exception to what is in the enactment.

5. It carves out an exception to the main provision to which it has been enacted as a proviso and to no other.

Proviso v/s Exception clause v/s Saving Clause

Distinction between Proviso, exception and saving Clause		
'Exception' is intended to restrain the enacting clause to particular cases	'Proviso' is used to remove special cases from general enactment and provide for them specially	'Saving clause' is used to preserve from destruction certain rights, remedies or privileges already existing

Refer Sec 19

Refer Sec 13

Explanation

An ^{act} Explanation appended to a section to explain the meaning of certain words. An Explanation may be added to include something within the section or to exclude something from it. It should not be so construed as to widen the ambit of the section.

- 1 Explain the meaning and intendment of the Act itself
- 2 Clarify any obscurity and vagueness (if any) in the main enactment to make it consistent with the object
- 3 Provide an additional support to the object of the Act to make it meaningful and purposeful
- 4 Fill up the gap which is relevant for the purpose of the explanation to suppress the mischief and advance the object of the Act
- 5 Cannot take away a statutory right

Schedules

- Schedule must be read together with the Act for all purposes of construction.
- Schedule often contain details and forms for working out the policy underlying the sections of the statute
- Example – There are 7 Schedules given in the Companies Act, 2013

Common Points :-

- Schedule is a part of the Enactment.
- Schedule cannot override the clear meaning of the enactment.

⇒ 'Read the Statute as a Whole'

It is the basic principle that construction of a statute is to be made of all its parts taken together and not of one part only.

The deed must be read as a whole in order to ascertain the true meaning of its several clauses, and the words of each clause should be so interpreted as to bring them into harmony with other provisions – if that interpretation does no violence to the meaning of which they are naturally susceptible.

And the same approach would apply with equal force with regard to Acts and Rules passed by the legislature.

Example : If one section of an Act requires 'notice' should be given, then a verbal notice would generally be sufficient. But, if another section provides that 'notice' should be 'served' on the person or 'left' with him, or in a particular manner or place, then it would obviously indicate that a written notice was intended.

External aids to interpretation/construction

Apart from the statute itself there are many matters which may be taken into account when the statute is ambiguous. These matters are called external aids. Some of these factors are enumerated below:

External Aids					
Historical Setting	Consolidating Statutes & Previous Law	Usage	Earlier & Later Acts and Analogous Acts	Dictionary Definitions	Use of Foreign Decisions

External aids to interpretation/construction

Historical Setting:

The history of the external circumstances which led to the enactment in question is of much significance in interpreting any enactment.

For interpretation, we need to take help from all those external or historical facts which are necessary in the understanding and comprehension of the subject matter and the scope and object of the enactment.

History in general and Parliamentary History in particular all are relevant in interpreting and construing an Act.

We have also to consider whether the statute in question was intended to alter the law or leave it where it stood before.

Consolidating Statutes & Previous Law

The Preambles to many Statutes contain expressions such as "An Act to consolidate" the previous law, etc.

In such a case, the Courts may stick to the presumption that it is not intended to alter the law but to consolidate the earlier law only.

They may solve doubtful points in the statute with the aid of such presumption in intention, rejecting the literal construction.



- Usage is also sometimes taken into consideration in construing an Act.
- The acts done under a statute provide quite often the key to the statute itself.
- It is well known that where the meaning of the language in a statute is doubtful, usage – how that language has been interpreted and acted upon over a long period – may determine its true meaning.
- For several years, when a legislative measure of doubtful meaning has, received an interpretation which has generally been acted upon by the public, the Courts should be very unwilling to change that interpretation, unless they see reasons for doing so.

Exposition of One Act by Language of Another

The general principle is that where there are different Statutes in 'pari materia' (i.e. in an analogous case), though made at different times, or even expired and not referring to each other, they shall be taken and construed together as one system and as explanatory of each other.

If two Acts are to be read together then every part of each Act has to be construed as if contained in one composite Act.

However, this does not mean that every word in the later Act is to be interpreted in the same way as in the earlier Act.

Earlier Act Explained by the Later Act

Not only may the later Act be construed in the light of the earlier Act but it (the later Act) sometimes furnishes a legislative interpretation of the earlier one, if it is 'pari materia' and if, but only if, the provisions of the earlier Act are ambiguous.

Where the earlier statute contained a negative provision but the later one merely omits that negative provision. This cannot by itself have the result of substantive affirmation. In such a situation, it would be necessary to see how the law would have stood without the original provision and the terms in which the repealed sections are re-enacted. pari materia means when two provisions of two different statutes deal with the same subject matter and form part of the same subject matter.

Later Act ⇒ Earlier Act

Analogous Act ⇒ Same Matter Earlier Act ⇒ Later Act

① CA, 2013 & SEBI

② CA, 2013 & IBC

Reference to Repealed Act

Where a part of an Act has been repealed, it loses its operative force. Nevertheless, such a repealed part of the Act may still be taken into account for construing the un-repealed part. This is so because it is part of the history of the new Act.

Dictionary Definitions

- First we have to refer to the Act in question to find out if any particular word or expression is defined in Act itself.
- If word is not defined in the Act itself, we may refer to dictionaries to find out the general sense in which that word is commonly understood.
- However, Dictionaries contain multiple meaning of the same word, then in selecting one out of the several meanings of a word, we must always take into consideration the context in which it is used in the Act.
- It is the fundamental rule that the meanings of words and expressions used in an Act must take their colour from the context in which they appear.
- However, for technical terms reference may be made to technical dictionaries.

Use of Foreign Decisions

- Foreign decisions of countries following the same system of jurisprudence as ours and given on laws similar to ours can be legitimately used for construing our own Acts.
- However, prime importance is always to be given to the language of the Indian statute.
- Further, where guidance can be obtained from Indian decisions, reference to foreign decisions may become unnecessary.

Example - Salomon v A Salomon & Co Ltd [1896] UKHL 1, [1897] AC 22

Rules of interpretation/ construction of deeds and documents

- The first and foremost point that has to be borne in mind is that one has to find out what a reasonable man, who has taken care to inform himself of the surrounding circumstances of a deed or a document, and of its scope and intendments, would understand by the words used in that deed or document.
- A deed must be read as a whole in order to ascertain the true meaning of its several clauses and the words of each clause should be so interpreted as to bring them in harmony with other provisions
- The golden rule of construction is to ascertain the intention of the parties to the instrument after considering all the words in their ordinary, natural sense.
- It has to be borne in mind that many words are used in more than one sense and that sense differs in different circumstances.
- It is inexpedient to interpret the terms of one deed by reference to the terms of another.
- It is an basic rule of construction that the same word cannot have two different meanings in the same document, unless the context compels the adoption of such a course
- The document must be read as a whole and the intention deduced therefrom as to what the actual term the parties intended to agree.



- It may also happen that there is a conflict between two or more clauses of the same document. An effort must be made to resolve the conflict by interpreting the clauses so that all the clauses are given effect to. If, however, it is not possible to give effect to all of them, then it is the earlier clause that will over-ride the latter one.
- Similarly, if one part of the document is in conflict with another part, an attempt should always be made to read the two parts of the document harmoniously, if possible. If that is not possible, then the earlier part will prevail over the latter one which should, therefore, be disregarded.

