

Chapter 13 - Interpretation of Statutes

Question 1

Give the difference between interpretation and construction

[MTP March 18, March 21]

Answer

Difference between Interpretation and Construction-

Interpretation differs from construction. **Interpretation** is of **finding out the true sense** of any form and the **construction** is the **drawing of conclusion** respecting subjects that lie beyond the direct expression of the text.

When the legislature uses certain words which have acquired a **definite meaning** over a period of time, it must be assumed that those words have been used in the **same sense**.

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 what is called '**construction**'.

However, the two terms - 'interpretation' and 'construction'- **overlap each other** and it is rather difficult to state where 'interpretation' leaves off and 'construction' begins.

It would also be worthwhile to note, at this stage itself, the **difference** between the terms 'Interpretation' and Construction. While more often the two terms are used **interchangeably** to **denote a process adopted** by the courts to ascertain the meaning of the legislature from the words with which it is expressed, **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. It is the drawing of conclusions from a statute that lie beyond the direct expression of the words used therein. [Bhagwati Prasad Kedia v. C.I.T.,(2001)]

It is the **duty of the courts** to give effect to the meaning of an Act when the meaning can be equitably gathered from the words used. Words of legal import occurring in a statute which have acquired a definite and precise sense, must be understood in that sense. (State of Madras v. Gannon Dunkerly Co. AIR 1958)

Conclusions drawn by means of construction are within the spirit though not necessarily within the letter of the law. **In practice, construction includes interpretation** and the terms are frequently used **synonymously**.

Question 2

Define Grammatical Interpretation. What are the exceptions to grammatical interpretation?

[ICAI Module, May 18]

Answer

Grammatical Interpretation and its exceptions:

'Grammatical interpretation' concerns itself exclusively with the **verbal expression of the law**, it does not go beyond the letter of the law. In all ordinary cases, 'grammatical interpretation' is the **sole form allowable**. The Court cannot take from or add to modify the letter of the law.

This rule, however, is subject to some **exceptions**:

- (1) Where the letter of the law is **logically defective** on account of **ambiguity, inconsistency or incompleteness**.

As regard the defect to **ambiguity**, the Court is under a duty to **travel beyond the letter of the law**

so as to determine from the other sources the true intention of the legislature.

In the case of the statutory expression being defective on account of **inconsistency**, the court must ascertain the **spirit** of the law.

- (2) If the text leads to a result which is so **unreasonable** that it is self-evident that the legislature could not mean what it says, the court may resolve such impasse by **inferring logically** the **intention** of the legislature.

Question 3

Explain the principles of "Grammatical Interpretation" and "Logical Interpretation" of a Statute. What are the duties of a court in this regard?

[ICAI Module, MTP March 19, March 21, MTP Nov 22, Nov'22, MTP-1 Nov 23]- 3 marks

Answer

Principles of Grammatical Interpretation and Logical Interpretation:

In order to ascertain the meaning of any law/ statute the principles of Grammatical and Logical Interpretation is applied to **conclude the real meaning** of the law and the intention of the legislature behind enacting it.

Meaning: Grammatical interpretation concerns itself exclusively with the **verbal expression of law**. It does **not go beyond the letter of the law**, whereas Logical interpretation on the other hand, seeks **more satisfactory evidence of the true intention** of the legislature.

Application of the principles in the court: In all ordinary cases, the **grammatical** interpretation is the **sole form allowable**. The court cannot delete or add to modify the letter of the law. However, where the letter of the law is **logically defective** on account of **ambiguity**, **inconsistency** or **incompleteness**, the court is under a duty to travel beyond the letter of law so as to determine the true intentions of the legislature. So that a statute is enforceable at law, however, unreasonable it may be. The duty of the court is to administer the law as it stands rather it is just or unreasonable.

However, if there are **two possible constructions** of a clause, the courts may **prefer the logical construction** which emerges from the setting in which the clause appears and the circumstances in which it came to be enacted and also the words used therein.

Question 4

How will you interpret the term "Instrument" used in a statutes?

[Nov 19]

Answer

'Instrument': In common parlance, 'instrument' means a **formal legal document** which creates or confirms a right or records a fact. It is a formal **writing** of any kind, **such as an agreement, deed**, charter or record, drawn up and executed in a technical form.

It also means a formal legal document having **legal effect**, either as creating 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.

Question 5

Explain how does 'natural and grammatical meaning' helps in the interpretation of a statute?

[MTP March 18]

Answer

Natural and grammatical meaning: Statute are to be **first understood** in their **natural, ordinary**, or **popular** sense and must be construed according to their **plain, literal and grammatical** meaning. If there is an **inconsistency** with any express intention or declared purpose of the statute, or it involves any **absurdity**, repugnancy, inconsistency, the grammatical sense must then be modified, extended or abridged only to

avoid such an inconvenience, but no further. [(State of HP v. Pawan Kumar(2005))]

Example: In a question before the court **whether the sale of betel leaves** was subject to sales tax. In this matter 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. (Ramavtar V. Assistant Sales Tax Officer, AIR 1961 SC 1325).

Question 6

Briefly explain the meaning and application of the rule of "Harmonious Construction".

[MTP Aug 18]

Answer

Meaning of rule of Harmonious Construction:

When there is **doubt** about the meaning of the words of a statute, these should be **understood in the sense in which they harmonise with the subject of the enactment and the object which the legislature had in view.**

Where there are in an enactment **two or more provisions which cannot be reconciled** with each other, they should be so interpreted, wherever possible, as to give effect to all of them. This is what is known as the Rule of Harmonious Construction.

It must always be borne in mind that a **statute is passed as a whole and not in sections** and it may well be assumed to be animated by one general purpose and intent. The Court's duty is to give effect to all the parts of a statute, if possible. But this general principle is meant to guide the courts in furthering the intent of the legislature, not overriding it.

Application of the Rule: The Rule of Harmonious Construction is **applicable only when there is a real and not merely apparent conflict** between the provisions of an Act, and one of them has not been made subject to the other. When after having construed their context the words are capable of only a single meaning, the rule of harmonious construction disappears and is replaced by the rule of literal construction.

Question 7

Explain the rule in '**Heydon's Case**' while interpreting the statutes quoting an example.

[ICAI Module, MTP March 21, MTP April 19]

OR

Explain '**Mischieve Rule**' for interpretation. Also, give **4 matters** it considers in construing an Act

Answer

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 the Heydon's case. This rule enables, consideration of **four matters** in constituting an act:

- (1) what was the **law before** making of the Act,
- (2) what was the **mischief** or defect for which the law did not provide,
- (3) what is the **remedy** that the Act has provided, and
- (4) what is the **reason** for the remedy.

The rule then directs that the courts must adopt that construction which 'shall **suppress the mischief and advance the remedy**. Therefore, even in a case where the usual meaning of the language used falls short of the whole object of the legislature, a more extended meaning may be attributed to the words, provided they are fairly susceptible of it.

If the object of any enactment is **public safety**, then its working must be interpreted widely to give

effect to that object. Thus in the case of **Workmen's Compensation Act, 1923** the main object being provision of compensation to workmen, it was held that the Act ought to be so construed, as far as possible, so as to give effect to its primary provisions.

However, it has been emphasized by the Supreme Court that the rule in Heydon's case is **applicable only when the words used are ambiguous and are reasonably capable of more than one meaning** [CIT v. Soda Devi (1957)]

Question 8

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Question 9

'The meaning of a word is to be judged by the company it keeps'. Explain concept of '**Noscitur A Sociis**'.

[MTP May 20]

OR

"Associate words to be understood in common sense manner". Explain this statement with reference to rules of interpretation statutes.

[Nov 20, MTP Nov 22, MTP-2 Nov 23]- 3 marks

Answer

Associated Words to be Understood in Common Sense Manner:

Concept of '**Noscitur A Sociis**' ('it is known by its associates') - that is to say '**the meaning of a word is to be judged by the company it keeps**'. When two or more words which are capable of **analogous** (similar or parallel) meaning are coupled together, they are to be understood in their cognate sense (i.e. akin in origin, nature or quality). They take their **colour from each other**, i.e., the more general is restricted to a sense analogous to the less general.

It is a rule **wider** than the **rule of ejusdem generis**, rather **ejusdem generis is only an application of the noscitur a sociis**. It must be borne in mind that noscitur a sociis, is merely a rule of construction and it cannot prevail in cases where it is clear that the wider words have been deliberately used in order to make the scope of the defined word correspondingly wider.

For example, in the expression 'commercial establishment means an establishment which carries on any business, trade or profession', the term 'profession' was construed with the associated words 'business' and 'trade' and it was held that a **private dispensary was not within the definition**. (Devendra M. Surti (Dr.) vs. State of Gujrat).

Question 10

Sohel, a director of a Company, not being personally concerned or interested, financially or otherwise, in a matter of a proposed motion placed before the Board Meeting, **did not disclose his interest** although he has knowledge that his sister is interested in that proposal. He restrains from making any disclosure of his interest on the presumption that he is not required by law to disclose any interest as he is not personally interested or concerned in the proposal. He made his presumption relying on the '**Rule of Literal Construction**'. Explaining the scope of interpretation under this rule in the given situation, decide whether the decision of Soheli is correct?

[Jan 21, MTP-1 May 23]

Answer

Rule of Literal Construction:

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 indeget**" which literally means "an absolute sentence or preposition needs not an expositor". In other words, **plain words require no**

explanation.

Sometimes, occasions may arise when a **choice** has to be made between **two interpretations** – **one narrower** and the **other wider** or bolder. In such a situation, if the narrower interpretation would fail to achieve the manifest 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.

In the given question, Sohel (a director) did not disclose his interest in a matter placed before the Board Meeting (in which his sister has interest), as he is not personally interested or concerned in the proposal. Here, he ought to have considered broader meaning of the provision of law; and therefore, even though he was personally not interested or concerned in the proposal, he should have disclosed the interest.

Question 11

Explain the meaning of term 'Proviso'. Give the distinction between proviso, exception and Saving Clause.

[RTP May 18, Nov'18, ICAI Module, May 2022, MTP 2 May'23]

Answer

Proviso: 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. The effect of the proviso is to qualify the preceding enactment which is expressed in terms which are too general. As a general rule, a proviso is added to an enactment to qualify or create an exception to what is in the enactment. Ordinarily a proviso is not interpreted as stating a general rule.

It is a **cardinal rule** of interpretation that a proviso to a particular provision of a statute only embraces the field which is covered by the main provision. It **carves out an exception** to the main provision to which it has been enacted as a proviso and to no other. (Ram Narain Sons Ltd. vs. Assistant Commissioner of Sales Tax).

Distinction between Proviso, exception and saving Clause

There is said to exist **difference** between provisions worded as 'Proviso', 'Exception', or 'Saving Clause'.

Exception	Proviso	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 , or privileges already existing

Question 12

How far are (i) **title** and (ii) **preamble** in an enactment helpful in **interpreting** any of the parts of an enactment?

[MTP Aug 18]

Answer

i) Title: An enactment would have what is known as '**Short Title**' and also a '**Long Title**'.

The **short** title **merely identifies** the enactment and is chosen merely for convenience.

The '**Long title**' **describes** the enactment and does not merely identify it. The Long title is a **part of the**

Act and, therefore, can be referred to for ascertaining the object and scope of the Act.

- ii) Preamble: It expresses the scope and object of the Act more comprehensively than the long title. The preamble may recite the ground and the cause for making a statute and or the evil which is sought to be remedied by it.

The preamble like the Long title can legitimately be used for construing it. However, the preamble cannot override the provisions of the Act. Only if the wording of the Act gives rise to doubts as to its proper construction (e.g., where the words or a phrase has more than the one meaning and doubts arise as to which of the two meanings is intended in the Act) the preamble can and ought to be referred to arrive at the proper construction.

Question 13

How far are 'marginal notes' in an enactment helpful in interpreting any of the parts of an enactment?

[MTP Oct 18]

Answer

Marginal Notes: Although there is difference of opinion regarding resort to Marginal Notes for construing an enactment, the generally held view is that the Marginal Notes appended to a Section cannot be used for construing the Section.

In *C.I.T. vs. Ahmedbhai Umarbhai & Co. (SC)*, Patanjali Shastri, J., had declared: "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. [Deewan Singh v. Rajendra Pd. Ardevi, (2007), Sarabjit Rick Singh v. Union of India, (2008)]

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 made use of in construing the Articles.

Example: Article 286 of the constitution furnishing "prima facie", some clue as to the meaning and purpose of the Article [Bengal Immunity Co. Ltd. v. State of Bihar (SC)]

Question 14

Does an explanation added to a section widen the ambit of a section?

[ICAI Module, May 2022, MTP 2 May'23, Nov'18]

Answer

Sometimes an explanation is added to a section of an Act for the purpose of explaining the main provisions contained in that section. If there is some ambiguity in the provisions of the main section, the explanation is inserted to harmonise and clear up any ambiguity in the main section. Something may be added to (or something may be excluded from) the main provision by insertion of an explanation. But the explanation should not be construed to widen the ambit of the section.

Question 15

What does the principle of "reading the statute as a whole" imply in the interpretation of statutes?

Explain with the help of an example

[RTP May'24, RTP Nov 18]

Answer

'Read the Statute as a Whole': It is the elementary principle that construction of a statute is to be made of all its parts taken together and not of one part only. The deed/ statute 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.

One of the **safest guides** to the construction of **sweeping general words** is to examine other words of like import in the same enactment or instrument to see what limitations must be imposed on them. If we find that a number of such expressions have to be subjected to limitations and qualifications and that such limitations and qualifications are of the same nature, that circumstance forms a strong argument for subjecting the expression in dispute to a similar limitation and qualification.

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.

Question 16

Gaurav Textile Company Limited has entered into a **contract** with a Company. You are invited to **read and interpret** the document of contract. What **rules of interpretation** of deeds and documents would you apply while doing so?

[ICAI Module]

Answer

The rules regarding interpretation of deeds and documents are as follows:

First and the foremost point that has to be borne in mind is that one has to **find out what 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. It is inexpedient to construe the terms of one deed by reference to the terms of another. Further, it is **well established** that the **same word cannot have two different meanings in the same documents**, unless the context compels the adoption of such a rule.

The **Golden Rule** is to **ascertain the intention of the parties** of the instrument after considering all the words in the documents/deed concerned in their **ordinary, natural sense**. For this purpose, the relevant portions of the document have to be **considered as a whole**.

The **circumstances** in which the particular words have been used have also to be taken into account. Very often, the status and training of the parties using the words have also to be taken into account as the same words maybe used by an ordinary person in one sense and by a trained person or a specialist in quite another sense and a special sense. It has also to be considered that very many words are used in more than one sense. It may happen that the same word understood in one sense will give effect to all the clauses in the deed while taken in another sense might render one or more of the clauses ineffective. In such a case the word should be understood in the former and not in the latter sense.

It may also happen that there is a **conflict** between two or more clauses of the same documents. An effect must be made to **resolve the conflict** by interpreting the clauses so that **all the clauses are given effect**. If, however, it is not possible to give effect of all of them, then it is the **earlier clause that will override the latter one**.

Question 17

How will you interpret the definitions in a statute, if the following words are used in a statute?

- (i) Means
- (ii) Includes

Give **one illustration** for each of the above from statutes you are familiar with.

[ICAI Module, RTP Nov 22, MTP Nov 22, MTP-2 Nov 23, MTP May 24]- 3 marks

Answer

Interpretation of the words "Means" and "Includes" in the 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, here the word defined is not restricted to the meaning assigned to it but has extensive meaning which also includes the meaning assigned to it in the definition section.

Example:

Definition of Director [section 2(34) of the Companies Act, 2013] Director means a director appointed to the board of a company. The word "means" suggests exhaustive definition.

Definition of Whole-time director [Section 2(94) of the Companies Act, 2013]: Whole time director includes a director in the whole time employment of the company. The word "includes" suggests extensive definition. Other directors may be included in the category of the whole time director.

Question 18

Differentiate Mandatory Provision from a Directory Provision. What factors decide whether a provision is directory or mandatory?

[ICAI Module]

Answer

Practically speaking, the distinction between a provision which is 'mandatory' and one which is 'directory' is that when it is mandatory, it must be strictly observed; when it is 'directory' it would be sufficient that it is substantially complied with.

However, we have to look to the substance and not merely the form, an enactment in mandatory form might substantially be directory and, conversely, a statute in directory form may in substance be mandatory.

Hence, it is the substance that counts and must take precedence over mere form. If a provision gives a power coupled with a duty, it is mandatory: whether it is or not so would depend on such consideration as:

- the nature of the thing empowered to be done,
- the object for which it is done, and
- the person for whose benefit the power is to be exercised.

Question 19

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Question 20

Explain how 'Dictionary Definitions' can be of great help in interpreting/ constructing an Act when the statute is ambiguous.

[ICAI Module, Nov 18, MTP Oct 18, April 19, Oct 19]

Answer

Dictionary Definitions: First, we refer to the Act in question to find out if any particular word or expression is defined in it. Where we find that a 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, 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 color from the context in which they appear.

Further, judicial decisions laying down the meaning of words in construing statutes in "pari materia" (i.e., on the same matter) will have greater weight than the meaning furnished by dictionaries. However, for

technical terms, reference may be made to technical dictionaries.

Question 21

Preamble does not over-ride the plain provision of the Act. Comment. Also give suitable example.

[ICAI Module]

Answer

Preamble: The Preamble expresses the scope, object and purpose of the Act more comprehensively. The Preamble of a Statute is a part of the enactment and can legitimately be used as an internal aid for construing it. However, the Preamble does not over-ride the plain provision of the Act.

But if the wording of the statute gives rise to doubts as to its proper construction, for example, where the words or phrase has more than one meaning and a doubt arises as to which of the two meanings is intended in the Act, the Preamble can and ought to be referred to in order to arrive at the proper construction.

In short, the Preamble to an Act discloses the primary intention of the legislature but can only be brought in as an aid to construction if the language of the statute is not clear. However, it cannot override the provisions 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 Hindu" 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' [Gullipoli Sowria Raj V. Bandaru Pavani, (2009) 1 SCC 714].

Question 22

When can the Preamble be used as an aid to interpretation of a statute?

[May'23, ICAI Module, MTP-2 May 23, RTP May 23]- 3 marks

Answer

While the Preamble can be used to know the aims and objects of the legislation it cannot be used to control or qualify the precise and unambiguous language of an enactment. The preamble is the key to the mind of the maker of the law, but it cannot override in order to enlarge or restrict the enacting provision of the Act.

A provision contained in the Act cannot be considered as invalid because they do not accord with the preamble, which is only a brief summary of legislative objectives behind the Act, and if there is any conflict between the preamble and any provision of an Act, the provision prevails. The preamble merely affords help in the matter of construction if there is any ambiguity. Where the language of the Act is clear, the court is bound to give it effect.

When will courts refer to the preamble as an aid to construction?

Situation 1: Where there is any ambiguity in the words of an enactment the assistance of the preamble may be taken to resolve the conflict.

Situation 2: Where the words of an enactment appear to be too general in scope or application then courts may resort to the preamble to determine the scope or limited application for which the words are meant.

Question 23

At the time of interpreting a statute what will be the effect of 'Usage' or 'customs and Practices'?

[ICAI Module, Nov 23 - 3 marks]

Answer

Effect of usage: Usage or practice developed under the statute is indicative of the meaning recognized to

its words by contemporary opinion. A uniform notorious practice continued under an old statute and inaction of the Legislature to amend the same are important factors to show that the practice so followed was based on correct understanding of the law. When the usage or practice receives judicial or legislative approval it gains additional weight.

In this connection, we have to bear in mind two Latin maxims:

- (i) 'Optima Legum interpret est consuetude' (the custom is the best interpreter of the law); and
- (ii) 'Contemporanea Expositio est optima et fortissima in lege' (the best way to interpret a document is to read it as it would have been read when made).

Therefore, the best interpretation/construction of a statute or any other document is that which has been made by the contemporary authority. Simply stated, old statutes and documents should be interpreted as they would have been at the time when they were enacted/written. Contemporary official statements throwing light on the construction of a statute and statutory instruments made under it have been used as contemporanea expositio to interpret not only ancient but even recent statutes in India.

Question 24

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Question 25

If it is defined as:

- (i) "Company means a company incorporated under the Companies Act, 2013 or under any previous company Law".
- (ii) "Person" includes, _____ under the Consumer Protection Act, 1986.

How would you interpret/construct the nature and scope of the above definitions?

[Nov 19, MTP Oct 20, RTP May 21]

Answer

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**: here the word defined is not restricted to the meaning assigned to it but has extensive meaning which also includes the meaning assigned to it in the definition section.

Thus,

- (i) The definition is **restrictive and exhaustive** to the effect that only an entity incorporated under the Companies Act, 2013 or under any previous Companies Act, shall be deemed to be company.
- (ii) The definition is **inclusive** in nature, thereby the meaning assigned to the respective word (here 'person') is extensive. It has a **wider scope** to include other terms into the ambit of the definition having regard to the object of the definition.

Question 26

In what way are the following terms considered as external aid in the interpretation of statutes:

- (i) Historical Setting
- (ii) Use of Foreign Decisions

[MTP Nov 22, July 21, RTP Nov 19, MTP-2 Nov 23, MTP May 24] - 4 marks

Answer

- (i) Historical Setting: The history of the **external circumstances which led to the enactment** in question is of much significance in construing any enactment. We have, for this purpose, 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, ancient statutes, contemporary or other authentic works and writings all are relevant in interpreting and construing an Act.

- (ii) 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.

Question 27

What is External Aid to interpretation? Explain how the Dictionary definitions are the External Aids to Interpretations?

[Jan 21]

Answer

External aids are the factors that help in interpreting/construing an Act and have been given the convenient nomenclature of 'External Aids to Interpretation'. 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.

Dictionary Definitions: Dictionary Definitions is one of the External Aids to interpretation. Discussed in previous answers in detail.

Question 28:

Enumerate when does the rule of Eiusdem Generis apply

[MTP Nov 22, MTP-1 Nov 23]- 3 marks

Answer

The rule of Eiusdem Generis applies when:

1. The statute contains an enumeration of specific words
2. The subject of enumeration constitutes a class or category
3. That class or category is not exhausted by the enumeration
4. General terms follow the enumeration; and
5. There is no indication of a different legislative intent.

Question 29

Explain in reference to Interpretation of Statutes, the cases where Rule of Eiusdem Generis will not apply.

[Nov 22]

Answer

The Rule of Eiusdem Generis will not apply in the following situations:

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

Question 30

Explain the following in context of use of definitional sections in Interpretation of Statutes:

- (i) Definitions subject to a contrary context
- (ii) Ambiguous definitions

[MTP-1 May 23]

Answer

- (i) 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.

- (ii) **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.

Question 31

Explain the Doctrine of Contemporanea Expositio.

[May 2023]

Answer:

Doctrine of Contemporanea Expositio

This doctrine is based on the concept that a **statute** or a document is to be **interpreted** by referring to the **exposition** it has received from **contemporary authority**. 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**.

This maxim is to be applied for construing ancient statutes, but not to Acts that are comparatively modern.

Question 32

Explain the meaning of '**Without Prejudice**' as a Harmonious aid to interpretation of statutes. Support your answer with the help of an example.

[RTP Nov 23]

Answer

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

In other words, the particular provisions shall operate in addition to and not in derogation 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.

Question 33:

A clause that begins with the words "notwithstanding anything contained" is a clause, that has the effect of making the provision prevail over others. It can operate at four levels. Explain any two of them.

[Nov'23]

Answer

A clause that begins with the words 'notwithstanding anything contained' is called a **non-obstante** clause. Unlike the 'subject to' 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. (K. Parasurammaiah Vs. Pakari Lakshman)

A notwithstanding clause can operate at four levels.

SN	Clause	Effect
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1	Notwithstanding any thing contained in another section or sub- section of that statute.	The clause will override such other section(s) / sub-section(s)
2	Notwithstanding anything contained in a statute.	The clause will override the entire enactment.
3	Notwithstanding anything contained in specific section(s) or sub-section(s) or all the provisions contained in another statute.	The clause will prevail over the other enactment.
4	Notwithstanding anything contained in any other law for the time being in force.	The clause will override all other laws.

MCQs

Question 1:

Which rule of construction is applicable where there is a real and not merely apparent conflict between the provisions of an Act, and one of them has not been made subject to the other—

- (a) Rule of Beneficial construction
- (b) Rule of Literal construction
- (c) Rule of Harmonious construction
- (d) Rule of Exceptional construction

Answer - (c)

Summary: Rules of Interpretation/Construction - Rule of Harmonious Construction can be adopted only when there is a real and not merely apparent conflict between provisions

Question 2:

When the law is clear and unambiguous the court shall construe the meaning of a provision based on strict

- (a) grammatical meaning
- (b) logical meaning
- (c) alternative interpretation
- (d) hypothetical meaning

(MTP May 2022)

Answer - (a)

Summary: Grammatical interpretation means interpretation that is based exclusively on the words themselves

Question 3:

According to _____ rule of interpretation, meaning of words should be known from its accompanying or associated words.

- (a) Mischief rule
- (b) Primary Rule
- (c) Noscitur a Sociis
- (d) Golden Rule

(MTP May 2022)

Answer - (c)

Summary: The meaning of an unclear or ambiguous word should be determined by considering the words with which it is associated in the context

Question 4:

The Rule in Heydon's case is also known as—

- (a) Purposive construction
- (b) Mischief Rule
- (c) Golden Rule
- (d) Exceptional Construction

(ICAI Module/ MTP May 2022)

Answer - (b)

Summary: Rules of Interpretation/Construction - rule in Heydon's case is also known as Mischief Rule

Question 5:

Pick the odd one out of the following aids to interpretation—

- (a) Preamble
- (b) Marginal Notes
- (c) Proviso
- (d) Usage

(ICAI Module/ MTP-1 May 2023, MTP-2 Nov 2023)

Answer - (d)

Summary: Internal Aids to Interpretation does not include "usage"

Question 6:

An internal aid that may be added to include something within the section or to exclude something from it, is—

- (a) Proviso
- (b) Explanation
- (c) Schedule
- (d) Illustrations

(ICAI Module)

Answer - (b)

Summary: Explanation is added to a section to explain meaning of certain terms and phrases and to include and exclude something to the section

Question 7:

According to the the words of the statute are to be given their plain and ordinary meaning. —

- (a) Literal rule
- (b) golden rule
- (c) natural rule
- (d) mischief rule

(MTP May 2022)

Answer - (a)

Summary: According to the Literal Rule, the words of the statute are to be give their plain and ordinary meaning.

Question 8:

When there is a conflict between two or more statues or two or more parts of a statute then which rule is applicable:

- (a) Welfare construction
- (b) Strict construction
- (c) Harmonious construction
- (d) Mischief Rule

(MTP May 2022/ ICAI Module/ MTP-1 Nov 2023)

Answer - (c)

Summary: When there is a conflict between two or more statutes or two or more parts of statute then Harmonious Construction rule is applicable

Question 9:

Which among the following is an External Aid to interpretation:

- (a) Illustrations
- (b) Dictionary
- (c) Proviso clause
- (d) Title

(MTP2 May 2023)

Answer – (d)

Question 10:

Pick the odd one out of the following aids to interpretation—

- (a) Preamble
- (b) Marginal Notes
- (c) Proviso
- (d) Usage

(MTP May 2022)

Answer – (d)

Summary: Preamble, Marginal Notes, Proviso are Internal Aids to Interpretation whereas Usage is one of the External Aids to Interpretation.

Question 11:

Is the cardinal rule of construction that words, sentences and phrases of a statute should be read in their ordinary, natural and grammatical meaning so that they may have effect in their widest amplitude?

- (a) Rule of Literal Construction
- (b) Rule of Harmonious Construction
- (c) Rule of Beneficial Construction
- (d) Rule of Exceptional Construction

(MTP Nov 2022/ ICAI Module/ MTP-1 Nov 2023, May 2023 RTP and MTP-2 Nov 2023)

Answer – (a)

Question 12:

Pick the odd one out of the following aids to interpretation:

- (a) Preamble
- (b) Marginal Notes
- (c) Proviso
- (d) Usage

(MTP Nov 2022)

Answer – (d)

Summary: Internal Aids to Interpretation does not include Usage.

Question 13:

_____ 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.

- (a) Noscitur a Sociis
- (b) Contemporanea Expositio
- (c) prima facie
- (d) absoluta sententia expositore non indigent

(MTP Nov 2022/ May 2023/ MTP-2 Nov 2023)

Answer - (a)

Summary: 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.

Question 14:

A clause that begins with the words 'Notwithstanding anything contained' is called:

- (a) An obstacle clause
- (b) A non- obstante clause
- (c) An objectionable clause
- (d) A superior clause

(RTP Nov 2022/ MTP1 May 2023)

Answer - (b)

Summary: A clause that begins with the words 'Notwithstanding anything contained' is called a non-Obstante clause.

Question 15:

..... interpretation concerns itself with "what the law says" and interpretation, seeks to ascertain "what the law means".

- (a) Grammatical, Logical
- (b) Legal, usual
- (c) Usual, legal
- (d) Logical, grammatical

(RTP Nov 2022)

Answer - (a)

Summary: Grammatical interpretation shows what the law wants to say by interpreting the words the lawmaker uses, and logical interpretation means what the law is actually trying to convey.

Question 16:

_____ expresses the scope and object of the Act more comprehensively than the _____.

- (a) Preamble; Short title
- (b) Short title; Long title
- (c) Long title; Preamble
- (d) Preamble; Long title

Answer - (a)**Question 17:**

Which among the following **cannot** be considered as an internal aid for interpretation of a statute?

- (a) Illustrations
- (b) Explanation
- (c) Previous Law
- (d) Schedules

Answer - (c)

Summary: Previous Law is one of the External Aids of Interpretation, rest others are Internal Aids of Interpretation.

Question 18:

Choose the correct meaning of the term "Ut res magis valeat quam pereat" from among the following:

- (a) Words of statute must be construed so as to lead to a sensible meaning.
- (b) Statutes should be construed grammatically.
- (c) Notwithstanding anything contained.
- (d) When two or more words that are susceptible of analogous meaning, are coupled together they are understood to be used in their cognate sense.

Answer- (a)

Summary: According to the Rule of Reasonable Construction, the words of a statute must be constructed "ut res magis valeat quam pereat" meaning thereby that words of statute must be constructed so as to lead to a sensible meaning.

Question 19:

As per Rule of Literal Construction, Technical words are to understood in:

- (a) Normal sense
- (b) Ordinary sense
- (c) Technical sense
- (d) Legal sense

(MTP1 May 2023)

Answer: (c)**Question 20:**

Calendar year starts from:

- (a) January
- (b) April
- (c) June
- (d) September

(MTP2 May 2023)

Answer: (b)**Question 21:**

Doctrine of Mischief Rule was given under:

- (a) Foss vs. Harbottle
- (b) Thomson vs. Clan Morris
- (c) Foster vs. DiphwysCasson
- (d) Heydon's Case

(MTP2 May 2023)

Answer: (a)**Question 22:**

..... 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.

- (a) Noscitur a Sociis
- (b) Contemporanea Expositio
- (c) prima facie
- (d) absoluta sententia expositore non indiget

(MTP2 May 2023)

Answer: (a)