25.0 Introduction

This study relates to ‘Interpretation of Statutes, Deeds and Documents’. So, first of all we must understand what these terms and some other terms denote. It would, therefore, be important for us at this stage itself to understand the terms ‘Statute’, ‘Document’, ‘Instrument’, ‘Deed’ and ‘Interpretation’.

‘Statute’: To the common man the terms ‘Statute’ generally means the laws and regulations of every sort without considering from which source they emanate.

However, the term ‘Statute’ has been defined as the written will of the legislature solemnly expressed according to the forms necessary to constitute it the law of the State. Normally, the term denotes an Act enacted by the legislative authority (e.g. Parliament of India).

The Constitution does not use the terms ‘statute’ though one finds the terms ‘law’ used at many places. The terms ‘law’ is defined as including any ordinance, order, bye-law, rule, regulation, notification, and the like.

In short ‘statute’ signifies written law in contradiction to unwritten law.

‘Document’: Generally understood, a document is a paper or other material thing giving information, proof or evidence of anything. The Law defines ‘document’ in a more technical form. For example, 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. Section 3(18) of the General Clauses Act, 1897 states that the term ‘document’ shall include any matter written, expressed or described upon any substance by means of letters, figures or marks, or by more by than one of those means which is intended to be used, or which may be used, for the purpose of recording this matter.

‘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.
‘Deed’: The Legal Glossary defines ‘deed’ as an instrument in writing (or other legible representation or words on parchment or paper) purporting to effect some legal disposition. Simply stated deeds are instruments though all instruments may not be deeds. However, in India no distinction seems to be made between instruments and deeds.

‘Interpretation’: By interpretation is meant the process by which the Courts seek to ascertain the meaning of the legislature through the medium of the authoritative forms in which it is expressed. Simply stated, ‘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. ‘Interpretation’ signifies expounding the meaning of abstruse words, writings, etc., making out of their meaning, explaining, understanding them in a specified manner. A person is there by aided in arguing, contesting and interpreting the proper significance of a section, a proviso, explanation or schedule to an Act or any document, deed or instrument.

Jolowicz, in his Lectures on Jurisprudence (1963 ed., p. 280) speaks of interpretation thus: Interpretation is usually said to be either ‘legal’ or ‘doctrinal’. It is ‘legal’ when there is an actual rule of law which binds the Judge to place a certain interpretation of the statute. It is ‘doctrinal’ when its purpose is to discover ‘real’ and ‘true’ meaning of the statute. ‘Legal’ interpretation is sub-divided into ‘authentic’ and ‘usual’. It is ‘authentic’ when rule of interpretation is derived from the legislator himself; it is ‘usual’ when it comes from some other source such as custom or case law. Thus when Justinian ordered that all the difficulties arising out of his legislation should be referred to him for decision, he was providing for ‘authentic’ interpretation, and so also was the Prussian Code, 1794, when it was laid down that Judges should report any doubt as to its meaning to a Statute Commission and abide by their ruling.

‘Doctrinal’ interpretation may again be divided into two categories: ‘grammatical’ & ‘logical’. It is ‘grammatical’ when the court applies only the ordinary rules of speech for finding out the meaning of the words used in the statute. On the other hand, when the court goes beyond the words and tries to discover the intention of the statute in some other way, then it is said resort to what is called a ‘logical’ interpretation.

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. It does not look beyond the ‘literalis’. 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, on the other hand, 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. In other words, it is necessary to determine the relative claims of the letters and the spirit of the enacted law. In all ordinary cases, the Courts must be content to accept the letter of the law as the exclusive and conclusive evidence of the spirit of the law (Salmon: Jurisprudence, 12th ed., pp. 131-132). It is essential to determine with accuracy the relations which subsist between the two methods.

It would also be worthwhile to note, at this stage itself, the difference between the terms ‘Interpretation’ and Construction. While more often than not the two terms are used interchangeably to denote a process adopted by the courts to ascertain the meaning of the
legislative form in which it is expressed, these two terms have different connotations. Cooley
has differentiated the two, defining ‘interpretation’ as the art of finding out the true sense of
any form of words, that is, the sense which the author intended to convey: and ‘construction’
as the drawing of conclusions respecting subjects that lie beyond the direct expression of the
text from elements known from and given in the text; conclusions which are in the spirit though
not within the letter of the text.

For example, section 173(2) of the Companies Act, 1956, stipulates that in case of an annual
general meeting, where any items of business to be transacted at the meeting are deemed to
be special, there shall be annexed to the notice of the meeting a statement setting out all
material facts concerning each such item of business including in particular the nature of
concern or interest, if any, therein of every director and manager, if any. Now, let us consider
the words ‘all material facts’. When we say ‘material facts’ are those essential facts as will
give a clear idea of the nature of the item; we are simply interpreting the words. But when we
further move to decide whether the fact that the Company Law Board indicated through a
show cause notice that the terms and conditions of a proposed appointment are prejudicial to
the interest of the company is or is not a material fact, we have to go for the construction
of those words. We have to construe the words widely to give effect to the intent of the law. For
this, the definition of the term ‘material facts’ must cover all the essential facts as will give a
clear idea of the nature of the item and which by reason of their relevance and bearing, will
influence the shareholders in making up their minds as regards approving or rejecting the
motion proposed to be moved at the meeting in respect of which the explanatory statement is
annexed.

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.

25.1 Why do we need interpretation/construction?

No doubt in modern times the enacted laws are drafted by legal experts, yet they are
expressed in language and no language is so perfect as to leave no ambiguities. Further, by
its very nature, a statute is an edict of the legislature and many-a-time the intent of the
legislature has to be gathered not only from the language but the surrounding circumstances
that prevailed at the time when that particular law was enacted. If any provision of the statute
is open to two interpretations, the Court has to choose that interpretation which represents the
true intention of the legislature. Also, it is not within human powers to foresee the manifold set
of facts which may arise in the future and even if it were so it is not possible to provide for
them in terms free from all ambiguity. All these aspects add to give great prominence to the
subject of interpretation and construction in the practical administration of the law.

It would be worthwhile to note what Denning L.J. has said on the need for statutory
interpretation: It is not within human powers to foresee the manifold sets of facts which may
arise; and that, even if it were, it is not possible to provide for them in terms free from all ambiguity. The English language is not an instrument of mathematical precision. Our literature would be much the poorer if it were. This is where the draftsmen of Acts of Parliament have often been unfairly criticized. A judge, believing himself to be fettered by the supposed rule that he must look to the language and nothing else, laments that the draftsmen have not provided for this or that, or have been guilty of some or other ambiguity. It would certainly save the judges’ trouble if Acts of Parliament were drafted with divine prescience and perfect clarity. In the absence of it, when a defect appears, a judge can not simply fold his hands and blame the draftsman. He must set to work on the constructive task of finding the intention of Parliament, and he must do this, not only from the language of the statute, but also from a consideration of the social conditions which gave rise to it, and of the mischief which it was passed to remedy, and then he must supplement the written word so as to give ‘force and life’ to the intention of the legislature.

It has been rightly said that a statute is the will of the legislature. The fundamental rule of interpretation of a statute is that it should be expounded according to the intent of those that made it. In the event of the words of the statute being precise and unambiguous in themselves it is only just necessary to expound those words in their natural and ordinary sense: thus far and no further. This is because these words distinctly indicate the intention of the legislature. The purpose of interpretation is to discern the intention which is conveyed either expressly or impliedly by the language used. If the intention is express, then the task becomes one of ‘verbal construction’ alone. But in the absence of any intention being expressed by the statute on the question to which it gives rise and yet some intention has to be, of necessity, imputed to the legislature regarding it, then the interpreter has to determine it by inference based on certain legal principles. In such a case, the interpretation has to be one which is commensurate with the public benefit. Consequently, if a statute levies a penalty without expressly mentioning the recipient of the penalty, then, by implication, it goes to the officers of the State.

The subject of the interpretation of a statute, therefore, seems to fall under two general heads:

(a) What are the principles which govern the construction of the language of an Act of Parliament?

(b) What are those principles which guide the interpreter in gathering the intention on those incidental points on which the legislature is necessarily presumed to have entertained an opinion but on which it has not expressed any?

Through the process of interpretation, the Court seeks to discern the meaning of the legislation through the medium of authoritative forms in which it is expressed.

As we have noted earlier, ‘interpretation’ may be either ‘grammatical’ or ‘logical’. ‘Grammatical interpretation’ concerns itself exclusively with the verbal expression of the law: it does not go beyond the letter of the law. ‘Logical interpretation’, on the other hand, seeks more satisfactory evidence of the true intention of the legislature.

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 is, however, subject to some
25.5 Corporate and Allied Laws

expectations: Firstly, 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. Secondly, 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.

About one thing there seems to be no controversy at all: a statute is enforceable at law, howsoever unreasonable it may be. The duty of the court is to administer the law as it stands. It is not within its jurisdiction to see whether the law is just or unreasonable. The ascertainment of the justification or reasonableness of law is the exclusive domain of the legislature and it alone can consider alteration or modification of the law passed by it. Until it is altered or modified or amended, the court has no choice but to enforce the law as it is.

25.2 Rules of Interpretation/Construction

Over a period, certain rules of interpretation/construction have come to be well recognized. However, these rules are considered as guides only and are not inflexible. These rules can be broadly classified as (a) Primary Rules and (b) Other (Secondary) Rules.

Primary Rules can be further sub-divided into.

(1) Rule of Literal Construction
(2) Rule of Reasonable Construction
(3) Rule of Harmonious Construction
(4) Rule of Beneficial Construction
(5) Rule of Exceptional Construction
(6) Rule of Ejusdem Generis.

(A) Primary Rules

(1) Rule of Literal Construction: It 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. At the same time, the elementary rule of construction has to be borne in mind that words and phrases of technical nature are 'prima facie' used in their technical meaning, if they have any, and otherwise in their ordinary popular meaning.

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. For example, when we talk of disclosure of the nature of the concern or interest of a director or the manager of a company in the subject-matter of a proposed motion (as referred to in section 173(2) of the Companies Act, 1956), we can not confine the words to Pecuniary...
Concern or Interest alone but we have to include any concern or interest whatever. 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.

Further, the phrase and sentences are to be construed according to the rules of grammar. This was emphasized in no uncertain terms by the Supreme Court in the case of S.S. Railway Company vs. Workers Union (AIR 1969 S.C. at 518) when it is stated that the courts should give a literal meaning to the language used by the legislature unless the language is ambiguous or its literal sense gives rise to any anomaly or results in something which may defeat the purpose of the Act. It is the duty of the court to give effect to the intent of the legislature and in doing so, its first reference is to the literal meaning of the words employed. Where the language is plain and admits of only one meaning, there is no room for interpretation and only that meaning is to be enforced even though it is absurd or mischievous, the maxim being ‘absoluta sententia expositor non indiget’ (which means that when you have plain words capable of only one interpretation, no explanation to them is required).

Similarly, when a matter which should have been, but has not been, provided for in a statute cannot be supplied by courts as to do so would amount to legislation and would not be construction. Let us take an example: Section 71 of the U.P. District Boards Act, 1922 provided that a Board may dismiss its secretary by special resolution which in certain cases required sanction of the Local Government. Section 90 of the same Act conferred a power to suspend the secretary pending, inter alia, the orders of any authority whose sanction was necessary for his dismissal. Section 71 of the Act was amended in 1931 and it then provided that a resolution of dismissal was not to take effect till the expiry of the period of appeal or till the decision of the appeal, if it was so presented. However Section 90 of the Act was not correspondingly amended. The Supreme Court observed that it was unfortunate that when the legislature came to amend the old Section 71 of the Act it forgot to amend Section 90 in conformity with the amendment of Section 71. The Court, however emphasized that while no doubt it is the duty of the Court to try and harmonise the various provisions of an Act passed by the legislature, it is certainly not the duty of the court to stretch the word used by the legislature to fill in gaps or omissions in the provisions of an Act.

However, sometimes the courts may look at the setting or the context in which the words are used and the circumstances in which the law has come to be passed to decide whether there is something implicit behind the words actually used which would control the literal meaning of the words used. If there are two possible constructions of a clause, one a mere mechanical and literal construction based on the rules of grammar and the other which emerges from the setting in which the clause appears and the circumstances in which it came to be enacted and also from the words used therein, the courts may prefer the second construction which, though may not be literal, may be a better one. (Arora vs. State of U.P., AIR 1964 S.C. 1230 at 1236-37).

Words used in the popular sense: It dealing with mattes regarding the general public, statute are presumed to use words in their popular sense. But to deal with particular business or
transaction, words are presumed to be used with the particular meaning in which they are used and understood in the particular business. However, words in statutes are generally construed in their popular meaning and not in their technical meaning.

It is the general rule that omissions are not likely to be inferred. From this springs another rule that nothing is to be added to or taken away from a statute unless there are some adequate grounds to justify the inference that the legislature intended something which it omitted to express. “It is a wrong thing to add into an Act of Parliament words which are not there and, in the absence of clear necessity, it is a wrong thing to do.” If a case has not been provided for in a statute. It is not to be dealt with merely because there seems to be no good reason why it should have been omitted, and the omission appears to be consequentially unintentional.

Reasonable corrections are not to over-ride plain terms of a statute. A construction that will render ineffective any part of the language of a statute will normally be rejected. For example, if an Act plainly gave a right of appeal from one Court of Quarter Sessions to another, it was held that such a provision though extraordinary and perhaps an oversight could not be eliminated.

(2) Rule of Reasonable Construction: According to this Rule, the words of a statute must be construed ‘ut res magis valeat quam pareat’ meaning thereby that words of statute must be construed so as to lead to a sensible meaning. Generally the words or phrases of a statute are to be given their ordinary meaning. For example, in the case of Dr. A.L. Mudaliar vs. LIC of India (1963) 33 Comp Cas. 420 (SC), it was held that the Memorandum of Association of a company must be read fairly and its import derived from a reasonable interpretation of the language which it employs. Further, in order to determine whether a transaction is intra vires the objects of a company, the objects clause should be reasonably construed: neither with rigidity nor with laxity. [Waman Lal Chotanlal Parekh vs. Scindia Steam Navigation Co. Ltd. (1944) 14 Comp. Cas. 69 (Bom.)].

Thus, if the Court finds that giving a plain meaning to the words will not be a fair or reasonable construction, it becomes the duty of the court to depart from the dictionary meaning and adopt the construction which will advance the remedy and suppress the mischief provided the Court does not have to resort to conjecture or surmise. A reasonable construction will be adopted in accordance with the policy and object of the statute.

(3) 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. Their meaning is found not so much in a strictly grammatical or etymological propriety of language, nor even in its popular use, as in the subject or in the occasion on which they are used and the object to be attained.

Where there are in an enactment two or more provisions which can not 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. Let us take an example: according to section 166(1) of the Companies Act, there must be not more than fifteen months between two consecutive annual general meetings of a company. Section 210 requires the
Board of directors to lay at every annual general meeting of a company a profit and loss account, which must cover the period since the preceding account and must be made up to date not earlier than the date of the meeting by more than six months. The account is required to be accompanied by a balance sheet as at the date to which the profit and loss account is made up. For some special reason however, the Registrar may give an extension for not more than 3 months to hold the meeting. In such a case, the accounts must relate to a period not earlier than the date of the meeting by more than six months plus the extension period. From this, we can easily make out that except the first annual general meeting which is subject to different rules, an annual general meeting is to be held subject to the following rules:

(i) The meeting must be held in each year.

(ii) It must be held not later than 15 months (18 months, if extension is granted) from the date of the previous general meeting.

(iii) Further, it must be held later than six months (or six months + extension) of the date of the balance sheet.

These three requirements are cumulative and separate: failure to comply with any of them constitutes an offence. We would note that even where a company may hold its annual general meeting within the time limit of 15 months (or 18 months, if extension is granted) it may still be guilty of contravention of Section 210! Therefore, to give effect to both the sections, they are to be interpreted harmoniously and in fixing the date of the annual general meeting, Section 166 as well as Section 210 are to be taken into account. The following illustration will make things clear:

The financial year of a company ends on 31st March each year, presuming that the annual general meeting to adopt the accounts etc. relating to the year ended on 31st March, 1999 was held on 30th September, 1999 under Section 166(1) the next annual general meeting need not be held till 31st December, 2000. But the relevant accounts would be those of the year ended on 31st March, 2000 which would be more than six months before the date of the meeting. Therefore, the last date for holding that meeting would be 30th September, 2000.

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. When rigid adherence to the general rule would require disregard of clear indications to the contrary, this rule must be applied. The sections and sub-sections must be read as parts of an integral whole and being inter-dependent. Therefore, importance should not be attached to a single clause in one section overlooking the provisions of another section. If it is impossible to avoid inconsistency, the provision which was enacted or amended later in point of time must prevail.

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.
(4) **Rule of Beneficial Construction or the Heydon’s 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 the *Heydon’s case* (1584) 3 Co. Rep 7a 76 ER 637. The rule which is also known as ‘purposive construction’ or mischieve rule, enables consideration of four matters in construing an Act:

1. what was the law before the 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, however, the circumstances show that the phraseology in the Act is used in a larger sense than its ordinary meaning then that sense may be given to it. If the object of a statute is public safety then its working must be interpreted widely to give effect to that object. Thus, the legislature having intended, while passing the Workmen’s Compensation Act, 1923 that every workman in the prescribed trade should be entitled to compensation, it was held that the Act ought to be so construed, as far as possible, as to give effect to its primary provisions.

Statutes which require something to be done, e.g. a statute which requires notice of action for anything done, are to be construed as including an omission of an act which ought to be done as well as the commission of a wrongful act. Where a statute requires something to be done by a person, it would generally be sufficient compliance with it if the thing is done by another person on his behalf and by his authority, for it would be presumed that the statute does not intend to prevent the application of the general principle of law: ‘*quo facit per alium facit per se*’ (he who acts though another is deemed to act in person). This would be so unless there is something in either the language or the object of the statute which shows that personal act alone was intended.

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 vs. Sodra Devei, 1957 SC 823 at 832 at 835*).

(5) **Rule of Exceptional Construction:** This rule has several aspects, viz.:

(a) **The Common Sense Rule:** Despite the general rule that full effect must be given to every word, if no sensible meaning can be fixed to a word or phrase, or if it would defeat the real object of the enactment, it should be eliminated. The words of a statute must be so construed as to give a sensible meaning to them, if at all possible. They ought to be construed ‘*utres magis valeat quam pereat*’ meaning thereby that it is better for a thing to have effect than to be made void.

(b) **Conjunctive and Disjunctive Words ‘or’ ‘and’:** The word ‘or’ is normally disjunctive and ‘and’ is normally conjunctive. However, at times they are read as *vice versa* to give effect
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to the manifest intention of the legislature as disclosed from the context. This would be so where the literal reading of the words produces an unintelligible or absurd result: in such a case ‘and’ may by read for ‘or’ and ‘or’ for ‘and’ even though the result of so modifying the words is less favourable to the subject, provided that the intention of the legislature is otherwise quite clear.

(c) ‘May’, ‘must’ and ‘shall’: Before discussing this aspect, it would be worth while to note the terms ‘mandatory’ and ‘directory’. 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 is 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

‘May’: it is well settled that enabling words are construed as compulsory, wherever the object of the power is to give effect to a legal right: the use of the word ‘may’ in a statutory provision would not by itself show that the provision is directory in nature. In some cases the legislature may use the word ‘may’ as a matter of pure conventional courtesy and yet intend a mandatory force. Therefore, in order to interpret the legal import of the word ‘may’, we have to consider various factors, e.g., the object and the scheme of the Act, the context or background against which the words have been used, the purpose and advantages of the Act sought to be achieved by use if this word and the like.

Where the word ‘may’ involves a discretion coupled with an obligation or where it confers a positive benefit to the general class of subjects, or where a remedy would be advanced and a mischief suppressed, or where giving the word a directory significance would defeat the very object of the Act then word ‘may’ should be interpreted to convey a mandatory force. Thus where a discretion is conferred upon a public authority coupled with an obligation, the word ‘may’ should be construed to mean a command. Similarly when an order of the Government or a statute confers a power on an authority in the discharge of a public duty, and though such power appears to be merely permissive, it is imperative that the authority should exercise that power in the discharge of its duties: there the word ‘may’ assumes mandatory force.

The, word ‘may’ is often read as ‘shall’ or ‘must’ when there is something in the nature of the thing to be done, which makes it the duty of the person on whom the power is conferred to exercise the power. No general rule can be laid down for deciding whether any particular provision in a statute is mandatory, meaning thereby that non-observance thereof involves the consequences of invalidity, or only directory, i.e. a discretion, non-observance of which does not entail the consequence of invalidity, whatever other consequences may occur. But in each
case the Court has to decide the legislature’s intent. Did the legislature intend in making the statutory provision that non observance of this would entail invalidity or did it not? To decide this, we have to consider not only the actual words used, but the scheme of the statute, the intended benefit to the public or what is enjoined by the provisions and the material danger to the public by the contravention of the scheme. The use of the expression ‘shall’ or ‘may’ is not decisive. Having regard to the context, the expression ‘may’ has varying significance. In one context, it may be purely permissive, while in another context it may confer a power and make it obligatory upon the person invested with the power to exercise it as laid down. Therefore, while undoubtedly the word ‘may’ generally does not mean ‘must’ or ‘shall’ yet the same word ‘may’ is capable of meaning ‘must’ or ‘shall’ in the light of the context in which it occurs.

Coming to the word shall: the use of the word shall would not of itself make a provision of the act mandatory. It has to be construed with reference to the context in which it is used. Thus, as against the Government the word ‘shall’ when used in statutes is to be construed as ‘may’ unless a contrary intention is manifest. Hence, a provision in a criminal statute that the offender shall be punished as prescribed in the statute is not necessarily to be taken as against the Government to direct prosecution under that provision rather than under some other applicable statute.

Therefore, generally speaking when a statute uses the word ‘shall’ prima facie it is mandatory but it is sometimes not so interpreted if the context or intention of the legislature otherwise demands. Thus, under certain circumstances the expression ‘shall’ is construed as ‘may’. Yet, it has to be emphasized that the term ‘shall’ in its ordinary significance, is mandatory and the Court shall ordinarily give that interpretation to the term, unless such an interpretation leads to some absurd or inconvenient consequence or be at variance with the intent of the legislature to be collected from other parts of the Act. For ascertaining the real intention of the legislature, the Court may consider amongst other things:

— the nature and design of the statute,
— the consequence which would flow from construing it one way or the other,
— the impact of other provisions by resorting to which the necessity of complying with the provision in question can be avoided,
— whether or not the statute provides any penalty if the provision in question is not complied with,
— if the provision in question is not complied with, whether the consequences would be trivial or serious, and
— most important of all, whether the object of the legislation will be defeated or furthered.

Where a specific penalty is provided in statute itself for non compliance with the particular provision of the Act, no discretion is left to the Court to determine whether such provision is directory or mandatory – it has to be taken as mandatory.

(6) Rule of Ejusdem Generis: The term ‘ejusdem generis’ means ‘of the same kind or species’. Simply stated, the rule means:

(i) Where any Act enumerates different subjects, general words following specific words are
to be construed (and understood) with reference to the words that precede them. Those
general words are to be taken as applying to things of the same kind as the specific words
previously mentioned, unless there is something to show that a wider sense was intended.
Thus the rule of *ejusdem generis* means that where specific words are used and after
those specific words, some general words are used, the general words would take their
colour from the specific words used earlier. For instance ‘in the expression in
consequence of war, disturbance or any other cause’, the words ‘any other cause’ would
take colour from the earlier words ‘war, disturbance’ and therefore, would be limited to
causes of the same kind as the two named instances. Similarly, where an Act permits
keeping of dogs, cats, cows, buffaloes and other animals, the expression ‘other animals’
would not include wild animals like lions and tigers, but would mean only domesticated
animals like horses, etc.

Where there was prohibition on importation of ‘arms, ammunition, or gunpower or any
other goods’ the words ‘any other goods’ were construed as referring to goods similar to
‘arms, ammunition or gun powder’ *(AG vs. Brown (1920), 1 KB 773)*.

(ii) If the particular words used exhaust the whole genus (category), then the general words
are to be construed as covering a larger genus.

(iii) We must note, however, that the general principle of ‘ejusdem generis’ applies only where
the specific words are all the same nature. When they are of different categories, then
the meaning of the general words following those specific words remains unaffected-those
general words then would not take colour from the earlier specific words.

It is also to be noted that the courts have a discretion whether to apply the ‘ejusdem generis’
doctrine in particular case or not. For example, the ‘just and equitable’ clause in the winding-
up powers of the Courts is held to be not restricted by the first five situations in which the
Court may wind up a company.

**(B) Other (Secondary) Rules of Interpretation.**

**(1) Effect of usage:** In this connection, we have to bear in mind two Latin maxims:

(i) ‘Optima Legum interprest consuetudo’ (the custom is the best interpreter of the law);
and

(ii) ‘Contempranea expositoest 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.

**(2) Associated Words to be Understood in Common Sense Manner:** When two words or
expressions are coupled together one of which generally excludes the other, obviously the
more general term is used in a meaning excluding the specific one. On the other hand, there is
the 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, as it were, their colour from each other, i.e., the more general is restricted to a sense analogous to the less general. 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, AIR 1969 SC 63 at 67).

The term ‘entertainment’ would have a different meaning when used in the expression ‘houses for public refreshment, resort and entertainment’ than its generally understood meaning of theatrical, musical or similar performance. Similarly, the expression ‘place of public resort’ would have one meaning when coupled with the expression ‘roads and streets’ and the same express ‘place of public resort’ would have quite a different meaning when coupled with the word ‘houses’.

25.3 Internal Aids to Interpretation/Construction

Every enactment has its Title, Preamble, Heading, Marginal Notes, Definitional Sections/Clauses, Illustrations etc. They are known as ‘internal aids to construction’ and can be of immense help in interpreting/construing the enactment or any of its parts.

(a) Long Title: An enactment would have what is known as a ‘Short Title’ and also a ‘Long Title’. The ‘Short Title’ merely identifies the enactment and is chosen merely for convenience, the ‘Long Title’ on the other hand, describes the enactment and does not merely identify it.

It is now settled that the Long Title of an Act is a part of the Act. We can, therefore, refer to it to ascertain the object, scope and purpose of the Act.

(b) Preamble: The Preamble expresses the scope, object and purpose of the Act more comprehensively than the Long Title. The Preamble may recite the ground and the cause of making a statute and the evil which is sought to be remedied by it.

Like the Long Title, the Preamble of a Statute is a part of the enactment and can legitimately be used 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, e.g., 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.

(c) Heading and Title of a Chapter: If we glance through any Act, we would generally find that a number of its sections applicable to any particular object are grouped together, sometimes in the form of Chapters, prefixed by Heading and/or Titles. These Heading and Titles prefixed to sections or groups of sections can legitimately be referred to for the purpose of construing the enactment or its parts. However, there is a conflict of opinion
about the weightage to be given to them. While one section of opinion considers that a
heading is to be regarded as giving the key to the interpretation of the clauses ranged
under it and might be treated as ‘preambles to the provisions following it’, the other
section of opinion is emphatic that resort to the heading can only be taken when the
enacting words are ambiguous. According to this view headings or titles prefixed to
sections or group of sections may be referred to as to construction of doubtful
expressions, but can not be used to restrict the plain terms of an enactment.

We must, however, note that the heading to one group of sections can not be used to
interpret another group of sections.

(d) **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 can not be used for construing the Section. In *C.I.T. vs.
Ahmedbhai Umarbhai & Co. (AIR 1950 SC 134 at 141)*, 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.

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.

(e) **Definitional Sections/Clauses:** The legislature has the power to embody in a statute
itself the definitions of its language and it is quite common to find in the statutes
‘definitions’ of certain words and expressions used in the body of the statute. When a
word or phase is defined as having a particular meaning in the enactment, it is that
meaning alone which must be given to it in interpreting a Section of the Act unless there
be anything repugnant in the context. The Court can not ignore the statutory definition and
try and extract what it considers to be the true meaning of the expression independently of
it.

The purpose of a definition clause is two-fold: (i) to provide a key to the proper
interpretation of the enactment, and (ii) 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.

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. We may also find a word
being defined as ‘**means and includes**’ such and such: here again the definition would be
exhaustive.

It has been a universally accepted principle that where an expression is defined in an Act,
it must be taken to have, throughout the Act, the meaning assigned to it by the definition, unless by doing so any repugnancy is created in the subject or context.

(f) **Illustrations:** We would find that many, though not all, sections have illustrations appended to them. These illustrations follow the text of the Sections and, therefore, do not form a part of the Sections. However, illustrations do form a part of the statute and are considered to be of relevance and value in construing the text of the sections. However, illustrations cannot have the effect of modifying the language of the section and can neither curtail nor expand the ambit of the section.

(g) **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, AIR 1955 SC 76)*.

(h) **Explanation:** An Explanation is at times appended to a section to explain the meaning of the text of the section. An Explanation may be added to include something within the section or to exclude something from it. An Explanation should normally be so read as to harmonise with and clear up any ambiguity in the main section. It should not be so construed as to widen the ambit of the section.

(i) **Schedules:** The Schedules form part of an Act. Therefore, they must be read together with the Act for all purposes of construction. However, the expressions in the Schedule cannot control or prevail over the expression in the enactment. If there appears to be any inconsistency between the schedule and the enactment, the enactment shall always prevail.

(j) **‘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. Lord Waston, speaking with regard to *deeds* had stated thus: 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.

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. For 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.

25.4 External Aids to Interpretation/Construction

Society does not function in a void. Everything done has its reasons, its background, the particular circumstances prevailing at the time, and so on. These factors apply to any enactment as well. These factors are of great help in interpreting/construing an Act and have been given the convenient nomenclature of ‘External Aids to Interpretation’. Some of these factors are enumerated below:

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

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

(c) Usage: 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. It has been emphasized that when a legislative measure of doubtful meaning has, for several years, 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 cogent reasons for doing so.

(d) Earlier & Later Acts and Analogous Acts: 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 construed as if contained in one composite Act. But if there is some clear discrepancy then such a discrepancy may render it necessary to hold the later Act (in point of time) had modified
the earlier one. 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.

Where the later of the two Acts provides that the earlier Act should, so far as consistent, be construed as one with it then an enactment in the later statute that nothing therein should include debentures was held to exclude debentures from the earlier statute as well.

Where a single section of one Act (say, Act ‘A’) is incorporated into another statute (say Act ‘B’), it must be read in the sense which it bore in the original Act from which it is taken consequently, it would be legitimate to refer to all the rest of Act ‘A’ to ascertain what that Section means, though one Section alone is incorporated in the new Act (Act ‘B’).

Suppose the earlier bye-law limited the appointment of the chairman of an organisation to a person possessed of certain qualifications and the later bye-law authorises the election of any person to be the chairman of the organisation. In such a case, the later bye-law would be so construed as to harmonise and not to conflict with the earlier bye-law: the expression ‘any person’ used in the later bye-law would be understood to mean only any eligible person who has the requisite qualifications as provided in the earlier bye-law.

- **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 can not 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.

  The general rules and forms framed under an Act which enacted that they should have the same force as if they had been included in it any may also be referred to for the purposes of interpretation of the Act.

- **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 unrepealed part. This is so because it is part of the history of the new Act.

(e) **Dictionary Definitions:** First we have to 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 colour from the context in which they appear. Further, judicial decisions laying down the meaning of words in construing statutes in ‘pari materia’ will have greater weight than the meaning furnished by dictionaries. However, for technical terms reference may
be made to technical dictionaries.

(f) **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.

### 25.5 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.

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 can not have two different meanings in the same document, unless the context compels the adoption of such a rule.

The Golden Rule is to ascertain the intention of the parties to the instrument after considering all the words in the document/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 had 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 may be used by an ordinary person in one sense and by a trained person or a specialist in quite another 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 the latter sense.

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.