Interpretation of Statutes

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Statutes mean an act passed by legislative body. So interpretation means explanation of the same. Interpretation of statutes is needed when language of law is not clear or has ambiguous meaning. These interpretations are done with the help of some rules. So these rules are explanatory and can’t override the statute.

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1. Rule of Literal Construction: Literal means taking the word’s meaning in grammar sense. This is first rule of interpretation. This rule applies when meaning is clear and has only one meaning. Example: - “I am really disturbed. I said Just go”

In the above case you won’t argue with the person 😞 and obviously leave silently, as it was order given to you.
2. Rule of reasonable construction:- This is 2\textsuperscript{nd} rule. The court explains that we should understand the intention of law, reason behind making that law. And if the meaning is absurd then we should construct its meaning within the ambit of rules of reasonable construction.

Let's take the above example. If your friend is saying these words to you, your answer would be "tell me what happened, what's the problem. I am not going anywhere"

This is called the rule of reasonable construction. Now you had not followed the real words but searched its real interpretation why this or that is happening. This rule won't apply when meaning is clear and reasonable construction is absurd. Now suppose your friend is tired and tells you to go. Now if you ask to him/her what's the problem? You already know what would be answer.

3. Rule of harmonious construction:- This rule says when there are conflicts between two or more provisions of law, they should be followed in such way that maximum benefit can be obtained and no rule need to be violated in the process of following the other one.

Example:- Kids can play in the ground till 7 PM. Kids must be do homework before they go for playing. Now your interpretation will be kids can play any time before 7 PM, once they finished their homework.

But this rule can't be followed when one rule is overriding the other provision. Suppose in above example if I say kids can do Homework at 8 PM only. And rest conditions are same. So it means kids can't play before 8 pm (homework finishing time) but their playing time limits are up to 7 PM. So, Harmonious construction rule can't be followed in the above case.

4. Rule of Beneficial construction:- Also called as Heydon's rule and mischief rule. This rule says when literal meaning can't be followed, then interpretation should be done in such a way that it suppresses the mischief and advance the remedy.

Now suppose your teacher is fed up with teaching you the basic concepts of Accounts. And after 1 hour he gets so pissed off that he says to you "Go to hell…only there you can learn the real meaning of accounting concepts by yourself"

Ab sachi me thodi na koi hell me acha sa teacher baitha hai 😞...jo sab kuch leam kara dega. So real meaning of the sentence is go and practice by yourself. And with more and more practice you'll perfect. The law says the same thing. We should craft the real meaning/intention which can be apart from dictionary meaning.

1. Rule of exceptional Construction:- it can be read in following ways:-

a. Common sense rule:- almost similar like "Rule of reasonable construction"

b. And/or:- And is used as conjunctive which means both provisions should be followed. Or implies the choice between the provision.

c. May:- may is used in directory provisions normally e.g. may I come in?
i. May can be used Mandatory force when some obligation is there.

e.g. In court lawyer says “objection My lord”

Judge says “Objection granted”

You may proceed.

d. Shall is normally used for mandatory but it’s used as directory force against:

i. The govt.

ii. Legislature demands

iii. Mandatory interpretation gives absurd meanings.

e. For judging a provision is mandatory/directory we need to see the whole content matter.

2. Rule of Ejusdem generis:- this rule says when law uses some specific words which belongs to same class. Then we don’t need to find the meaning of every word. We can make the meaning of sentence as a whole.

Example:- Suppose you had assigned someone some work and describes him/her as “Stupid, Idiot, fool, nonsense etc etc etc now you can easily interpret the meaning of etc and you can easily say that the person has not done the work in a good manner and know nothing about the work. Your friend didn’t described you that the person has not done the work but still you derived the same meaning with the help of such special words.

Regards

Renu

Recommended Read

- IFRIC- Interpretation of IFRS
- Financial Statement Analysis & Interpretation - Part I

CA VICHITRA TRIVEDI

Nice Article....... Dear Renu, if there is difference between budget speech and notification, then kindly advice me which would preva
il? Thanks & Regards

RAHUL

THANKS RENU

CA SAURABH CHHABRA

gud.........

KUSUM POTAI

Thanx......Effective Explantory...

PARVEEN GOYAL

Very impressive...

KANCHI SANGHVI

gud1

ANOOP

Thanks Renu for this explanatory article.

SUMIT MIDDHA

good yaar its very nic keep it up...

CHINTAN

really vry vry nice, i always used to leave interpretation in option because of its complexity but now with this kind of illustrative exam ples i guess this time i will do it

CA KUNJAN - WWW.CANARESH.COM

thanks, i think i always get less marks in interpretation of statute questions and sebi