



JALGAON BRANCH OF WIRC OF

The Institute of Chartered Accountants of India

(SETUP BY AN ACT OF PARLIAMENT)



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INTERPRETATION AND CONSTRUCTION: RULES



CA Rahul Sharma

INTERPRETATION:

The word is originated from Latin term “interpretari’ which means to explain, expound, understand, or to translate. Interpretation is process of explaining any text or anything in written form. This is actually to find out true meaning of the language which is used in the statute. According to Salmond “Interpretation” is a process by which the court seeks to ascertain the meaning of the legislature through the medium of authoritative forms in which it is expressed.

It is done because the objective of court is not only merely to read the law but is also to apply it in a meaningful manner to suit from case to case.

CONSTRUCTION:

It is a process of drawing conclusions of the subjects which are beyond the direct expression of the text. The courts draw findings after analyzing the meaning of the words used in the texts or the statutes. This is process of legal expositions.

WHY INTERPRETATION IS DONE:

It is done due to Imperfection of language, Language may not signify intention, Multiple interpretation are offered, Changes in circumstances after enactment of law, Area under question is not covered by law, drafting errors and finally incomplete rules and regulations.

RULES OF INTERPRETATION:



According to Keeton, function of judges related to interpretation includes:

- Firstly, To decide the exact meaning of the legislature
- Secondly, Must find out the real intention of the legislature with which they have used those words

LITERAL OR GRAMMATICAL RULE:

The words used in text are to be given or interpreted in their **natural or ordinary** meaning. It is one of the rules in which grammatical meaning of the word or phrase is used and this rule is also called the grammatical rule of interpretation. It is the safest rule of interpretation of statutes because the intention of legislature is deduced from word and language used. Rule is based on the legal maxim "**Verbis legis non est recelendum**" which means from word of law there is no departure. The reason of maxim is that the Parliament, as the supreme law making body should know what it intends in the statute.

Sometimes the **popular meaning** of the word may not be the natural meaning, in those cases natural meaning has to be referred. General words are to be given common and popular meaning and not technical meaning, on the contrary technical words are to be given technical meaning and not common meaning.

HOW LITERAL RULE OF INTERPRETATION HAS TO BE GIVEN EFFECT:

Firstly, the court will identify the natural, ordinary or popular meaning of that word.

Secondly, the court will check whether:

- Does interpretation creates some absurdity?
- Does it solve the purpose of statute?
- Is interpretation contrary to the object of statute?

If the literal interpretation creates some absurdity then the court may deviate from the rule of literal interpretation and apply another rule.

CASE LAWS:

S.No.	Case Law	Decision
1.	Municipal Board Vs. State Transport Authority, Rajasthan	The Hon'ble Court held that since the language of the statute is plain and unambiguous equitable consideration



		are out of place and clear grammatical meaning of the statute stand out
2.	R. Vs Harris (1936) 7C & P446	Biting of nose does not mean stab cut or wound hence defendant is not guilty
3.	Motipur Zamindari Pvt. Co. Ltd. Vs. State of Bihar	Argued – Sugarcane satisfies all the necessary condition to become green vegetable as per dictionary meaning. Argument rejected and held sugarcane will come in Bihar Sales Tax . Vegetable are something which are used in lunch and dinner.

ADVANTAGE OF LITERAL RULES:

- It enables understanding
- Intention of the legislature to create is simple and unambiguous
- It respects the supremacy of legislature (Parliament)
- Law becomes predictable

DISADVANTAGES OF LITERAL RULE OF INTERPRETATION:

- Rule cannot be applied in every situation and circumstances
- May lead to unreasonable decision making power
- Language has it's own shortcomings which this rule not addresses

GOLDEN RULE OF INTERPRETATION:

This rule solves all the problems of interpretation that is why it is called golden rule. It is also known as Modifying rule of interpretation and British Rule of Interpretation. **This rule modifies the literal rule of interpretation when literal interpretation suffers from absurdity, inconvenience or injustice.** The golden rule modifies the meaning of such words to such an extent to prevent such consequences by removing the absurdity, hardship, injustice and evasion from the word.

The external manifestation of the underlying law which is the which is interpreted from reading between the lines projects the true intent of the legislature.



S.No.	Case Law	Decision
1.	Becke Vs Smith	The wordings of the law which are unambiguous and plain nature should be constructed in their regular sense even though, if their assessment it is absurd or promotes injustice.
2.	Gary Vs Pearson	The ordinary derivative and the grammatical construction of the law should be abided by in the first instance unless there is any absurdity or repugnancy due to which it is necessary to modify the ordinary understanding of the words
3.	Woodward Vs Watts	Justice Crompton expressed his doubts regarding this rule and opined that the legislature must have enacted the legislation with a particular intent which may be destroyed if the court reinterpret it due to some absurdity which defeats the whole purpose of enactment
4.	Free Lanka Insurance Co. Ltd. Vs Panasinghe	If a prisoner escape from prison due to fire accident, then he did not commit a felony under the statute as the act was committed to save life and not to escape.
5.	Bedford Vs Bedford (1935)	When a son murdered his mother, his descendents were deprived of the lady. Held no person should be allowed to take profit from a crime.
6.	Lee Vs Knapp (1967)	A person was required to stop and furnish the particulars in case of an accident under traffic act 1960. Stoppage for few moments is not sufficient compliance – Stoppage means stoppage for a reasonable time to give information.
7.	Karnail Singh Vs. Mahendra Kaur	Father made will in favour of his three sons. One of them died before



		the death of father. Held property shall belong to widow of dead son – father could have change his will if he wanted before his death.
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As per Lord Granworth LC, this is a “Cardinal Rule” which is a rule based on common sense which is as strong as can be.

Three basic rules as elucidated by GW Paton, are :-

- they should be applied as per literal rule.
- Unless there is any ambiguity or absurdity in the wordings of the law, the ordinary sense of the law should be resorted to as per the golden rule.
- The general policy or intention of the statute must be considered and eliminate the evil which was directed as per Mischief Rule.

MISCHIEF RULE OF INTERPRETATION:

This rule of interpretation is also known as – Rule of beneficial Construction, Heydon’s Rule and Purposive Construction.

Originally the rule of mischief was developed in **Heydon’s case (1584)**. It was held that there are four hthings which have to be followed for true and sure interpretation of all statute in general, which are –

- What was the common law before the making of an act.
- What was the mischief for which the present statute was enacted.
- What remedy did the parliament sought or had resolved and appointed to cure the disease of commonwealth.
- The true reason of the remedy.

The purpose of an enactment is to suppress the mischief and advance the remedy. India has adopted this rule from English law.

S.No.	Case Law	Decision
1.	Smith Vs Huges, 1960 WLR 830	When an act was passed for placing restriction on soliciting clients by prostitutes – held that though the act was Street Offence Act, 1959 yet soliciting clients through balconies and windows is covered by the act. This is to restrict the mischief.
2.	Pyare Lal Vs Ram Chandra	It was contended that Supari is not a food item and is not covered by Food



		and Adulteration act. Held that interpretation to restrict the mischief and advance the remedy is to be assigned to the words – supari is covered under Food adultration act.
3.	Kanwar Singh Vs. Delhi Administration, AIR 1965 1965 SC 871	It was contended that abandoned cattles means cattle for which ownership has been lost. Cattle grazing on street can not be termed as abandoned. Held temporary loss of ownership is sufficient to attract the provisions of the act.
4.	Regional Provident Fund Commissioner Vs Shri Krishna Manufacturing Co., AIR 1962 SC 1526	The segregation of entire factory into four separate units wherein the employee had fallen below 50, argued that PF Act not applies. Held that Mischief rule has to be applied and four units are to be taken as one.

RULE OF HARMONIOUS CONSTRUCTION:

As per this rule of interpretation, when two or more provisions of the same statute are repugnant to each other, then in such a situation court if possible, will try to construe the provisions in such a manner as to give effect to both the provisions by maintaining harmony between the two. The conflict between two or more statute or two or more than two provisions of the same act must be interpreted in such a manner that should give effect to both the statute and provisions of the same act. **In case of conflict in provisions, it is duty of court to let both provisions survive and let both provisions remain in force.**

Objective of harmonious construction is to avoid the conflict in provisions by amending them in such a way that they harmonize with each other.

The Supreme Court of India laid down the **main five principles** of the rule of harmonious construction, giving the landmark judgement in the case of **CIT vs Hindustan bulk carriers**. These are :



1. It is the duty of the court to avoid the clash between the provisions of a statute by harmonizing them in a way that both the provisions remain in force without any conflict.
2. One provision of the statute cannot be used to defeat the other provision of these same acts unless decode doesn't find a way to reconcile the differences between them.
3. If it is impossible to reconcile both the provisions in that case the court must interpret both the provisions in such a way so that both provisions remain in force.
4. While doing the harmonious construction between the provisions of a statute, the court must keep in mind that the interpretation should not reduce the power of one provision and give more power to another provision.

Harmonious construction cannot be used to destroy any statutory provision or to render its effects.

It can be assumed that if the legislature has intended to give something by one, it would not intend to take it away with the other hand as both the provisions have been framed by the legislature and absorbed the equal force of law. One provision of the same act cannot make the other provision useless. Thus, in no circumstances, the legislature can be expected to contradict itself.

S.No.	Case Law	Decision
1.	Shankari Prasad Vs Union of India	SC held that Article 368 gives the power to parliament to enact the law. But according to article 13, article cannot take away the Fundamental rights given under the constitution of India like right to equality while using it's power under article 368.
2.	Ishwari Khaitan Sugar Mills Vs State of Uttar Pradesh	State Government wanted to acquire sugar industry. It was contended that sugar industries cannot be acquired since these are already under control of Union Government. SC held that power of acquisition was not occupied by Union under Industries (Development and Regulation) Act, 1951. The State has separate power under entry 42 List III



3.	M.S.M. Sharma Vs Krishna Sinha, AIR 1959 SC 395	an editor of a newspaper published the word -for- word record of the proceedings of the Parliament including those portions which were expunged from the record. He was called for the breach of parliamentary privilege. He contended that he had a fundamental right to speech and expression. It was held by the court that <i>article 19(1)(a)</i> itself talks about reasonable freedom and therefore freedom of speech and expression shall pertain only to those portions which have not been expunged on the record but not beyond that.
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SOCIOLOGICAL JURISPRUDENCE:

Jurists of this school believe that law should be studied in relation to the society, Law can't stay aloof of the society. These jurists concentrate on actual social circumstances which give rise to legal institutions. The main concern of social jurist is to study the effect of law and society on each other. Here law is treated not as command of legislature but an instrument of social progress. Characteristics of social jurisprudence :

- It is more concerned with working of law rather than nature of law. They not consider law as abstract content of authoritative precept rather it is a guide to decision and judicial/administrative process.
- Consider law as social institution which changes, modifies or retains as per experiences.
- Social purpose and social goals are emphasized.
- Consider legal precepts as a means to satisfy greatest good of the greatest numbers. **That means Law should be interpreted in such a way so that judgment of maximum good can be delivered to the society.**

Ruscoe Pound (1870 – 1964) was an eminent jurist of this school, He emphasized on interdisciplinary approach to law so that rule of law and life may flow



together. He treated law as a means for affecting social control and not believe in the abstract or mechanical application of law.

Pound's Theory of Social Engineering: According to him the varied interest which law should seek to protect can be classified into three categories:

- **Private Interest:** it include a. Individual Interest (Like Physical Integrity, reputation, freedom of opting, freedom of conscience etc.). Such interest are protected by Law of crime, Constitution and torts etc. b. Interest of domestic relation (Like Husband wife, Parent Children etc.) c. Interest of property (Like succession, testamentary disposition and contractual relations etc.)
- **Public Interest:** Preservation of the state and state as a guardian of social interest etc.
- **Social Interest :** Preservation of Peace, General Health, Security, preservation of morality, conservation of social resources, promotion of human personality etc.

He thus considers law as a means of a developed technique and treats jurisprudence as social engineering.

The ultimate **end (Objective)** of law is to satisfy maximum wants with minimum of friction or confrontation. Law has to reconcile the conflicting interest of individuals in the community and harmonize their inter relations – it was called social engineering.

According to him Law should be interpreted in way to harmonize the conflicting interest in the society and fulfilling expectation to the maximum at the same time.



MEMORIES GALORE

2 days National Conference for CA Members (“ज्ञान-पंचामृतम् - The Fivefold Elixir of Knowledge”) on date 13th & 14th Dec. 2025













World Meditation Day was celebrated on date 21st December 2025







WIRC ACTIVITIES

Events Photographs

Relearn Series on Income Tax Returns



CA. Piyush Chandak, Vice Chairman, CA. Ketan Saiya, Chairman, CA. Mahendra Sanghvi, Faculty, CA. Amish Sangoi



CA. Piyush Chandak, Vice Chairman, CA. Ketan Saiya, Chairman, CA. Avinash Rawani, Faculty, CA. Sanjay Nikam, RCM, CA. Vijendra Jain, RCM



CA. Sanjay Nikam, RCM, CA. Barkha Kothari, Moderator, CA. Avinash Rawani, Panelist, CA. Nilesh Vasa, Panelist CA. Virag Shah

Program on Charitable Trust



CA. Piyush Chandak, Vice Chairman, CA. Premal Doshi, Faculty, CA. Ketan Saiya, Chairman, CA. Krishna Tibrewala

National Conference on Corporate Law Unleashed - Strategy Comply Elevate



CA. Pinki Kedia, RCM, CA. Sourabh Ajmera, RCM, CA. Vijendra Jain, RCM, CA. Ketan Saiya, Chairman, CA. Durgesh Kabra, CCM-ICAI, CA. Babu Abraham Kallivayalil, Chairman, CL&CGC-ICAI, Shri Gyanshwar Singh, Director General & CEO, ICAI, CA. G. Ramaswamy, Past President, ICAI, CA. Priti Savla, Vice Chairperson, CL&CGC-ICAI, CA. Gyan Chandra Misra, CCM-ICAI, CA. Piyush Chhajer, CCM-ICAI, CA. Kailash Kataruka, CA. Piyush Chandak, Vice Chairman, CA. Rakesh Shah, RCM



CA. Sanjay Lakhani, CA. Jeenal Savla, Secretary, CA. Ketan Saiya, Chairman, CA. Ravi Soni, CA. Pratik Maru & others



Post Qualification Diploma in International Taxation



CA. Piyush Chandak, Vice Chairman, CA. Hitesh Gajaria, Faculty, CA. Ketan Saiya, Chairman, CA. Jagdish Ambardekar



CA. (Dr.) Fenil Shah, Treasurer, CA. Jeenal Savla, Secretary, CA. Pankaj Shah, Vice Chairman, CCC – ICAI, CA. Durgesh Kabra, Chairman, CCC – ICAI, CA. Ketan Saiya, Chairman, CA. Piyush Chandak, Vice Chairman, CA. Prabhaw Agarwalla, Faculty



CA. Kalpesh Panchal, CA. Chetan Thakkar, Shri Bhaskar Subramaniam, Faculty, CA. Satish Shenoy, Faculty, CA. Nandita Parekh, Faculty, CA. Jeenal Savla, Secretary, CA. Parul Shah, Faculty, CA. Pooja Dharewa



CA. Jeenal Savla, Secretary, CA. Ketan Saiya, Chairman, CA. Shashank Karnad, Faculty



Events Photographs

Program on Code of Ethics



CA. Pratik Shah, CA. Ankush Gupta, CA. Padmashree Crasto, Faculty, CA. Ketan Saiya, Chairman, CA. Ritesh Hibare



CA. Ami Savla, Moderator, CA. C. N. Vaze, Panelist, CA. Ketan Saiya, Chairman, CA. Abhijit Sanzgiri, Panelist, CA. Padmashree Crasto, Panelist

Program on Uncovering the Truth - Practical Approaches in Forensic Audit



CA. Virag Shah, CA. Pinki Kedia, RCM, CA. Jayesh Kala, RCM, CA. Nikurj Shah, Faculty, CA. Ankush Gupta, CA. Ritesh Goyal, Faculty, CA. Dimple Medtiya



CA. Abhay Kamat



CA. Pallavi Ajmera



CA. Jayesh Kala, RCM, CA. Mahendra Chhajed, Panelist, CA. Rishabh Jain, Moderator, CA. Jeenal Savla, Secretary, CA. Mitesh Chheda, Panelist, CA. Pinki Kedia, RCM, CA. Jitendra Saglani, Chairman, WICASA, CA. Ritesh Goyal, Panelist



Events Photographs

National Conference on Capital Market



7th & 8th November, 2025 | Terapanth Bhavan, Thakur Complex, Kandivali East
CA. Piyush Chandak, Vice Chairman, CA. Arpit Kabra, CCM-ICAI, CA. Aniket Talati, Past President, ICAI, Shri Deven Choksey, Faculty, CA. Vishnu Agarwal, CCM-ICAI, CA. Priti Savla, CCM-ICAI



CA. Kamlesh Saboo, RCM, CA. Piyush Chandak, Vice Chairman, CA. Shweta Jain, RCM, CA. Sourabh Ajmera, RCM, CA. Vishnu Agarwal, CCM-ICAI, CA. Arpit Kabra, CCM-ICAI, CA. Ketan Saiya, Chairman, CA. Durgesh Kabra, Chairman, CFMIP-ICAI, CA. Prafulla Chhajed, Past President, ICAI, CA. Aniket Talati, Past President, ICAI, CA. Charanjot Singh Nanda, President, ICAI, Chief Guest Shri Jeevan Sonparole, ED, SEBI, CA. Dayanidhi Sharma, Vice Chairman, CFMIP-ICAI, CA. Piyush Chhajed, CCM-ICAI, CA. Krishnan Iyer, Faculty, CA. Priti Savla, CCM-ICAI



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CA. Sahil Jain, CA. Daya Bansal, Chairperson Vasai Branch, CA. Sourabh Ajmera, RCM, CA. Ashish Bahety, Faculty, CA. Vijendra Jain, RCM, CA. Ritu Agarwal

Program on System Audit



CA. Virag Shah, CA. Piyush Chandak, Vice Chairman, CA. Nemish Daftary, Faculty, CA. Murtaza Ghadiali, Faculty, CA. Charmi Shah

Program on Auditing Standards



CA. Piyush Chandak, Vice Chairman, CA. Rakesh Shah, RCM, CA. Dhananjay Gokhale, Faculty, CA. Nadir Karbhari, Faculty, CA. Ketan Saiya, Chairman, CA. Jitendra Saglani, WICASA Chairman



CA. Jeenal Savla, Secretary, CA. Vikram Udeshi, Panelist, CA. Usha Lakshmi Raman, Panelist, CA. Abhinav Jain, Panelist, CA. Rashmi Sachdeva, Moderator



CA. Sourabh Ajmera, RCM, CA. Rakesh Agarwal, Panelist, CA. Sanjay Sabla, Panelist, CA. Robin Banerjee, Panelist, CA. Murtuza Kachwala, Past Chairman & Moderator



CA. Vijay Mundra, Panelist, CA. Rajiv Pillai, Panelist, CA. Jignesh Kenia, Panelist, CA. Rajkamal Tiwari, Panelist, CA. (Dr.) Mahendra Kumar Soni, Moderator, CA. Shweta Jain, RCM

Program on Labour Laws



Adv. Jigar Soni, Faculty, CA. Piyush Chandak, Vice Chairman, Mr. Sanjeev Kumar, Joint Director, I/C Sub Regional Officer Mah., CA. Ketan Saiya, Chairman, Adv. Ramesh Soni, Faculty



CA. Piyush Chandak, Vice Chairman, Mr. Prasan Kumar Sinha, JD, ESIC RO Mumbai, CA. Ketan Saiya, Chairman, Mr. Sanjeev Kumar, Joint Director, I/C Sub Regional Officer Mah., Mr. Niraj Singh, Dy Director, ESIC

One Day Startup Conclave



CA. Ankush Gupta, CA. Jeenal Savla, Secretary, CA. Sourabh Ajmera, RCM, CA. Ketan Saiya, Chairman, CA. Piyush Chandak, Vice Chairman, CA. Mangesh Ghanekar, RCM, CA. Sanjay Nikam, RCM



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