

The Institute of Chartered Accountants of India
ANNOUNCEMENT
ELECTION TO THE NINETEENTH COUNCIL AND
EIGHTEENTH REGIONAL COUNCILS
“SINGLE TRANSFERABLE SYSTEM OF VOTING”

The next elections to the Council of the Institute and its Regional Councils will be held in December, 2003. The members specially those who are new would, naturally, be interested in knowing how the “single transferable vote” system under which the elections are held operates. The broad details of the system are given below:-

- (1) Each voter has only one vote for election to the Council and one vote for election to the Regional Council. The voter, in order to cast his vote, shall place on his ballot paper the number 1 (in Arabic or Roman numerals, or in words) against the name of the candidate for whom he desires to vote, and may, in addition, place on his ballot paper the number 2, or numbers 2 and 3, or the numbers 2, 3 and 4 and so on opposite the names of other candidates in the order of his preference. However, for the purpose of facilitating the process of election by avoiding fractions, each valid vote is notionally considered to be of the value of 100 so that if a part of the vote has subsequently to be transferred from one candidate to another (next in the order of preference), it does not become necessary to resort to fractions, which would make the counting cumbersome.
- (2) At the time of counting of votes, the covers containing the postal ballot papers are opened and the voting papers are separated. To these are added the voting papers taken out from the ballot boxes used at different polling booths. The ballot papers are, in the first place, examined and invalid papers are rejected and excluded from the process of counting. The total value of the valid votes is then calculated by multiplying the number of such votes by 100, as mentioned above. This total value is then divided by the number of vacancies increased by one, and the quotient increased by one gives the value that is required for any candidate to get elected. This figure is termed as the “quota”. Thus, if in a constituency, eight mem-

bers are to be elected and there are 4,500 valid votes, the quota will be :

$$\frac{4500 \times 100}{8 + 1} + 1 = 50,001$$

In other words, a candidate should get 50,001 votes to get elected. The addition of one to the quotient is explained by the fact that if it is not done, there is a possibility that more candidates may get elected than the number of vacancies.

The First Count

- (3) After working out the “quota”, the votes are sorted out and divided into parcels according to the candidates for whom the first preference is marked on the respective votes. The value of the first preference votes received by each candidate is then worked out and the process is known as the first count.
- (4) All the candidates, the value of whose votes is equal to or greater than the quota, are declared elected. The votes of the candidates who obtain exactly the quota are set aside as there is no question of transfer of any surplus from those votes.

Transfer of Surplus and Subsequent Counts

- (5) Then starts the process of transfer of the surplus values of the votes of those candidates who have secured more than the quota at the first count. Their cases are taken one by one in the strict order of the value of their votes, the largest surplus being dealt with first. In case no candidate obtains the quota in the first count, exclusion of candidates is resorted to (see para 12).
- (6) The votes of the candidate whose surplus is to be transferred are scrutinised and all those votes which are capable of being transferred (viz., on which the next preference is marked for a candidate, who has not already been elected, or if the next preference is

marked for an elected candidate, the preference marked next to that and so on) are separated. The remaining votes which are not capable of further transfer are set aside and treated as exhausted.

- (7.1) Before the votes are transferred to the candidates marked next in preference, a new value of each vote is worked out. This value is arrived at by dividing the total surplus of the candidate by the number of votes to be transferred, the remainder being ignored, subject to the condition that the new value does not exceed the original value at which the vote was received by the candidate whose surplus is being transferred (viz., 100 in the case of first preference votes).
- (7.2) Thus, if after the first count, a candidate has a surplus of 2,962 and there are 65 votes in his parcel which are capable of being transferred, each vote will be transferred at the new value of $(2,962 \div 65)$ 45 (the remainder of 37 being ignored).
- (8) The votes under transfer are then divided into parcels according to the candidates to whom they are to be transferred. The parcels of the transferred votes are also added as sub-parcels to the parcels of original (viz., first preference) votes of the candidates concerned. The total value of the votes going to a particular candidate is obtained by multiplying the new value of each vote by the number of votes going to him and is added to the value of his original votes. The result of the transfer is then struck out and the candidates who obtain at this stage the "quota" are also declared as elected.
- (9) This process of transfer of the surpluses of the elected candidates continues till the required number of candidates are elected or till all the surpluses have been dealt with.
- (10) As already stated, the surpluses are transferred in the strict order of their value, but all surpluses arising at an earlier count are disposed of before the surpluses arising at subsequent counts are taken up.
- (11) In the case of transfer of surplus of a candidate who was not elected at the first count but only as a result of transfer of some votes to him at a subsequent count, since the surplus arises out of the last sub-parcel of his votes, it is only the last sub-parcel that is scrutinised and the unexhausted votes contained therein which are capable of further transfer are re-valued, in the manner stated in para 7 above, and

then transferred to the candidates marked next in order of preference. If there is no vote in the last sub-parcel which is capable of further transfer, the whole of the surplus is treated as loss in value.

Exclusion of Candidates

- (12) When there is no surplus left for transfer and the number of candidates elected is less than the number required, the exclusion of candidates is resorted to. The process of exclusion comprises the transfer of votes (both original and transferred) of the candidate to be excluded to the candidates marked next in order of preference and who have not already been elected or excluded.
- (13) The candidate, the value of whose votes is lowest at the time of exclusion, is first excluded.
- (14) The parcels and the sub-parcels of the votes of the candidates to be excluded are taken up one by one in the order in which they were received and the votes contained in each parcel and sub-parcel which are capable of further transfer are transferred to the candidates marked next in order of preference at the same value at which they were received by him. Each parcel and sub-parcel is dealt with separately. It is only after the parcel and all the sub-parcels have been duly transferred that count is completed.
- (15) If, as a result of transfer of votes of a parcel, or a sub-parcel, any other candidate secures the quota and is elected, the count in progress is completed but no further votes are transferred to the elected candidate from the subsequent sub-parcels. The following example would make it clear. Let us suppose that the votes of a candidate "A" who is to be excluded, consist of the original parcel and two sub-parcels subsequently transferred to him. Suppose as a result of the transfer of votes contained in the original parcel, another candidate "B" gets elected. Then the remaining two sub-parcels will be dealt with one by one but no vote therefrom will be transferred to "B" and such of the votes as would have normally gone to "B" will now be straightaway transferred to the candidates marked next to "B" in the order of preference on the respective votes.
- (16) The process of exclusion continues till the requisite number of candidates has been elected or the number of candidates left in the field (i.e., the continuing candidates) is equal to the number of vacancies still unfilled.
- (17) If, as a result of any exclusion, another candidate gets the quota and is thus elected, no further exclu-

sion is done till the surplus of the elected candidates has been transferred and it becomes necessary thereafter to again resort to exclusion. In other words, a candidate is to be excluded only when there is no surplus to be transferred.

- (18.1) If, at any time during the course of counting of votes, the number of candidates remaining in the field is reduced to the number of vacancies not yet filled, all those candidates are declared as elected without resorting to any further calculations.
- (18.2) It, therefore, follows that a candidate may be elected even though he does not get the required quota.
- (19) If at a particular time only one vacancy is left unfilled and the value of votes (both original and transferred)

of anyone candidate at that time exceeds the total value of votes of all the other candidates left in the field, including the surplus of any candidate not yet transferred, that candidate is declared as elected.

- (20) When only one vacancy remains unfilled and there are only two candidates left in the field and the value of their votes is equal, then the one with lower value at the first count, or, in case of equality of values at the first count, also, the one with the lower value at the earliest count at which they had unequal values, is treated as excluded and the other candidate is declared as elected. In case of equality of votes at all counts, one of them is excluded by draw of lots and the other is declared as elected. ■

ANNOUNCEMENTS

RBI Guidelines for Consolidated Accounting and other quantitative methods to facilitate consolidated supervision-Audit of Consolidated Financial Statements dated 8th July, 2003 issued to all private sector/foreign banks.

The Reserve bank of India vide its circular no. DBS.ARS. No.BC.2/08.92.001/2002-03 dated 8th July 2003 has advised all private sector/foreign banks as under:

“As the preparation and presentation of the Consolidated Financial Statements (CFS) has been made mandatory for all the banks, listed or unlisted, by RBI from the year ended 31 March 2003, it has been decided that the banks may utilize the services of their statutory central auditors (SCAs) for the audit of CFS. In case two or more audit firms are appointed as SCAs, the banks may utilize the services of one of the audit firms for the audit of CFS with the approval of their Audit Committee of the Boards/Local Advisory Boards.”



RBI Guidelines for Consolidated Accounting and other quantitative methods to facilitate consolidated supervision - Audit of Consolidated Financial Statements dated 8th July 2003 issued to all public sector banks .

The Reserve Bank of India vide its circular no. DBS.ARS.No.BC.3/08.92.001/2002-03 dated 8th July, 2003 has inter alia advised all public sector banks that the remuneration payable to the statutory auditor for the work relating to Consolidated Financial Statements (CFS) may be decided by the banks in consultation with their Audit Committee of the Boards, depending on the number of subsidiaries / associates / joint ventures to be included in the CFS and the volume of work involved, and the same may be recommended to RBI for its approval.



Professional Development Committee