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## **PG AND RESEARCH DEPARTMENT OF COMMERCE**

### **BUSINESS COMMUNICATION**

## UNIT-I

### WHAT IS COMMUNICATION? (OR) GIVE A BRIEF INTRODUCTION ABOUT COMMUNICATION.

**Introduction:** - the word communication is derived from 'communis' Latin, meaning "common". It stands for a natural activity of all human beings to convey opinions, feelings, information and ideas to others through words, body language or signs. The transmission of any meaningful message is communication. Since man is a social animal, it is vital that he expresses his feelings, and emotions, receive and exchange information. The primary element in the skills of management is competence in communication. It is the tool with which we exercise influence on others, bring about changes in the attitude and views of our associates, motivate them and establish and maintain relations with them. We need to develop and improve our skills of communication in order to accomplish our goals. Communication is both interaction and transaction. The two participants, the source and the receiver, exchange ideas and information and influences each other. They also come to a shared and common meaning as a result of communication.

### DEFINE COMMUNICATION

"Communication may be broadly defined as the process of meaningful interaction among human beings. More specifically, it is the process by which meanings are perceived and understanding are reached among human beings"- D.E.Mcfarland

"Communication is any behavior that results in an exchange of meaning"- The American Management Association

"Communication is the process of passing information and understanding from one person to another"  
-Keith Davis

"Communication is the transmission of ideas, emotions, skills, etc. by the use of symbols, words, pictures, figures, graphs, etc. it is the act or process of transformation that is usually called communication"  
-Berelso and Steiner

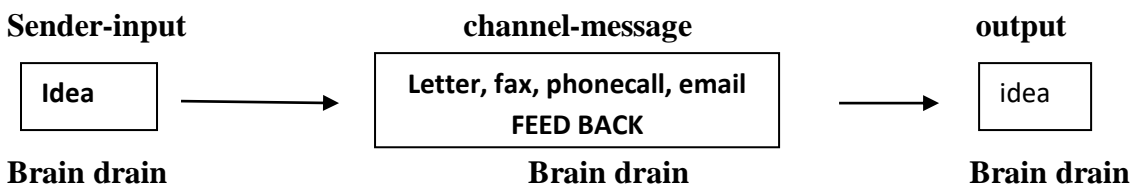
### WHAT ARE THE ELEMENTS OF COMMUNICATION? (OR)

### WHAT IS COMMUNICATION CYCLE AND EXPLAIN IT.

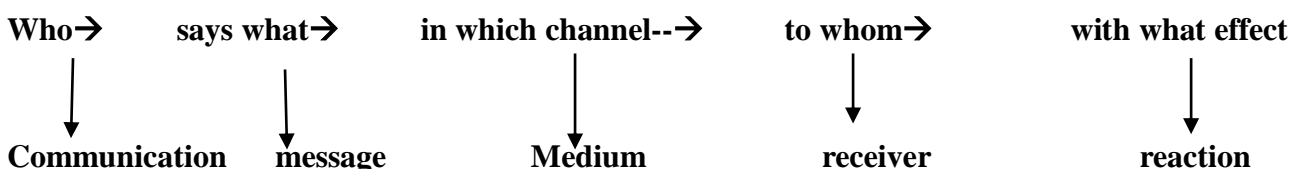
#### ELEMENTS OF COMMUNICATION

**The communication cycle:** -The transmission of the sender's idea to the receiver and the receiver's feedback or reaction to the sender constitute the communication cycle. The main steps are

- **Input-** the information or ideas the sender wants to give the receiver.
- **Channel-** letter, fax, phone call, electronic mail, etc.
- **Message-** the actual message that is sent.
- **Output-** the information the receiver gets.
- **Feedback-** the receiver's response or non-response to the message.
- **Brain drain** – the possibility of misunderstanding or breakdown at any step



Message→sender→encoding→channel→receiver→decoding→acting→feedback



## GIVE THE OBJECTIVES OF COMMUNICATION.

### OBJECTIVES OF COMMUNICATION:-

- Information
- Advice
- Order
- Suggestion
- Persuasion
- Education
- Warning
- Raising morale
- Motivation

✚ **Information:** - one of the most important objectives of communication is passing the message either through spoken or written language or by using any other system of signs or signals. Managers need complete, accurate and precise information to plan and organize; employees need it to translate planning into reality it can collect from variety of sources. It must be reliable, accurate, complete and recent.

✚ **Advice:** - information is always factual and objective but advice, since it involves personal opinion is likely to be subjective. Advice is given to him either to influence his opinion or his behavior. Effective advice is both man-oriented and work-oriented, it does not make the workers feel inferior, it is given in the worker's interest, it promotes understanding, it can become a two-way channel of communication.

✚ **Order:** - order is an authoritative communication it is directive to somebody to modify or alter the course of something he is already doing or not to do something. Orders move downward orders may be written or oral, general or specific, procedural or operational, mandatory or discretionary order should be clear and complete, capable of being executed given in a friendly tone.

✚ **Suggestion:** - suggestion is supposed to be a very mild and subtle form of communication. Still, since it flows horizontally or vertically upwards, it may hurt someone's ego to recognize its utility and readily accept it. Suggestions are welcome, for it is not obligatory to accept them suggestion boxes

✚ **Persuasion:** - persuasion may be defined as an effort to influence the attitude, feelings, or beliefs of others or to influence actions based on those attitudes, feelings or beliefs. Persuasion is an important objective of communication. Buyers have often to be persuaded to buy a particular article available with the seller in place of the one they actually wanted to buy. Persuasion is an art which has to be learned with great care. The art of persuasion consists of four important steps are

**Analysing the situation**



**Preparing the receiver**



**Delivering the message**



**Prompting action**

- ✚ **Education:** - education is very conscious process of communication. It involves both teaching and learning and extends over both teaching and learning and extends over considerably long periods. The main purpose of education is to widen knowledge as well as to improve skills it carried on at three levels
  - 🌐 At the Management
  - 🌐 At the level of employees
  - 🌐 At the level of public outside.
- ✚ **Warning:** - If employees do not abide by the norms of the organization or violate the rules and regulations, it may become necessary to warn them. Warning is a forceful means of communication, for it demands immediate actions. But in order to retain its effectiveness. It should be used sparingly and discreetly. Warnings can be general or specific. Specific warning should be administered in private and after thorough investigation.
- ✚ **Raising morale:** - morale stands for mental health it is the sum of several qualities like courage, fortitude, resolution and confidence. High morale and efficient performance go hand in hand. It acts as a kind of lubricant among people, binds them with a sense of togetherness and impede them to work in cooperation with one another in the best interest of their organization
- ✚ **Motivation:** -motivation energizes and activates a person and channelizes his behavior towards the attainment of desired goals. Motivation and behavior are intimately related to each other. Motivation can be achieved through monetary, incentives, making them workers participate in the decision – making process, making achievement goals very specific, giving security and a congenial work environment.

## WHAT ARE THE SOURCES OF INFORMATION?

- ❖ **Old files:** - a great deal of internal information is readily available in the old files of the organization past performance of the organization as well as its employees can be easily known from the old files.
- ❖ **Observation:** - valuable information about the efficiency and reliability of the employees can be gained from personal observation.
- ❖ **Mass media of communication:** - mass media of communication like the radio, television, cinema, newspapers, and journals are all the time throwing information. It is very important to expose ourselves to these media and get relevant information. Apart from magazine meant for general reading, there are journals exclusively devoted to specialized fields. These journals constitute very important source of information
- ❖ **Library research:** - a good library is a store house of information. it is only in a library that we can gain access to reference books, research publications, files of old journals, pamphlets, government publications of various kinds, statistical reports, etc. now there are libraries of tapes, records and films also.
- ❖ **Chambers of commerce:** - the membership of such chamber is supposed to be very useful these days. They keep their members abreast of all developments that have any bearing on their activities.
- ❖ **Meetings, seminars and conferences:** - large business houses often sponsor National, International seminars and conferences. They invite experts in various fields and offer them an opportunity to share their knowledge and experience with others. Participation in such seminars and conferences proves to be a very educative experience.
- ❖ **Personal interviews:** - Information can also be gathered through personal interviews with prominent people in the political field, experts in professional fields and the members of general public.
- ❖ **Questionnaire:** - information about the popularity of a company's products and their general reception in the market is often collected by circulating carefully prepared questionnaires among the consumers and the retailers.
- ❖ **Trade fairs and exhibitions:** - big fairs and exhibitions have become regular feature of the twentieth century life. They are organized with particular theme at the centre. They may highlight agricultural development, book production, electronic industry, or any other such theme. All information related to that theme is collected at one place. In this way they become an important source of information.

- ❖ **Current electronic media, in particular internet computer network:** - it now offers access to latest information on all subjects under the sun almost at the flick of your finger. The word communication is virtually being revolutionized by the latest electronic media.

## **DISCUSS THE VARIOUS MEDIAS OF COMMUNICATION BY EXPLAINING THEIR BENEFITS AND LIMITATIONS**

**Introduction:** - Medias of communication refer to the vehicles of instruments or channels through which communication is delivered. The choice of the communication Medias depends upon number of like derived speed, amount of information, cost effectiveness; etc following are the most used Medias of communication.

- **Face to face communication:** - face to face communication is between two persons or among small group or gathering of persons. The form of speech or address by one person to an audience.

### **Merits: -**

- ✓ **Control over reader's attention:** - compared with written or telephonic communication, face to face communication provides the advantage of exercising control over reader's attention. The speaker can effectively capture the listener's attention by making his message clear and interesting.
- ✓ **Effect of facial expression:** - The speaker can make it more vivid and forceful by conveying through facial expressions, tone and pitch of voice.
- ✓ **Suitable for discussion:** - it is most suitable for discussion where instantaneous feedback is imperative, even communication on telephone or teleconferencing is not as effective as it is in case of face-to-face situation, where a lot of discussion for negotiation, brainstorming or persuasion has to be done.

### **Demerits:-**

- ✓ **Inattentive listening:** - most of the people seem listening but do not listen because of wandering of mind to other matters, using of selective perceptions, egoism, etc.
- ✓ **Difficulty in arranging personal contacts:** - if various departments and persons are working at different places, especially noticed in business organizations. It is difficult to arrange personal contacts.
- ✓ **Unproductive in unhealthy relations:** - face-to-face communication sometimes proves counterproductive when the relations between the parties are unhealthy. It may lead to further conflict and confrontation among them.

- **Teleconferencing :-** in teleconferencing they can hear and see each other and talk with one another as if they were sitting together in one room.

### **Merits: -**

- ✓ It eliminates the unnecessary travel by executives and ensures long distance communication.
- ✓ In the present era of 'globalization' people operating in different countries can be linked together in 'global office' through teleconferencing.

### **Demerits: -**

- ✓ It is technologically and economically unaffordable for small organizations as it requires elaborate studios at each location with heavy expenditure.
- ✓ It cannot replace face-to-face communication completely in case of brainstorming, negotiation and persuasion, etc.

**Telephone:** telephone is one of the most frequently used means of oral communication in the present business world. Most of the urgent matters are dealt with on phone not only one-to-one contact but group communication is also possible through audio conferencing when more than two persons sitting far away speak on telephone some of recent advancements are pager, email, voice mail, information services, mobile phones, face book, twitter.

### **Merits: -**

- Through telephone contact with persons sitting miles away is possible

- b. It saves time wasted in transmission of message either through first or personal contacts.
- c. Telephonic communication can be made more effective than face-to-face communication through modulation of voice.

**Demerits: -**

- a. It is difficult to hold the receiver's attention for a long time
- b. It is expensive when geographical distance between sender and receiver is more
- c. It does not provide a permanent record for legal purposes.

**Voice mail:** -sometimes it happens that the receiver is not available on first or sometimes second, third or more attempts to overcome this electronic message system of voice mail is used. This system allows sender to leave to leave the message with the receiver who will pick it up later on with this the sender can feel confident that the receiver will receive the message by listening to his (spoken) voice. This system saves time and money when one way information is to be conveyed. It is relatively expensive

**Facsimile:** - a facsimile or fax machine is one of the most useful media for transmission of written especially visual material such as diagrams, copies etc. fax machines are connected with telephone both at transmitting and receiving end. In fax a document is fed in the transmitting end which is converted into electronic signals. These signals are transmitted through telephone lines to another fax which reconverts these signals into printed out hand-copy. Then the receiving fax machine sends a message confirming the receipt of either message.

**Electronic mail (E-Mail):** - E-mail is another instantaneous medium of communication. It transmits the written message through computers connected on network. For access to network area, a computer, a modem with software are needed to function on E-mail if the network is linked with internet it provides the added advantage of global communication at local charges.

## **WHAT ARE THE BARRIERS OF COMMUNICATION?**

**Barriers of communication:** - communication is complete and perfect when the receiver understands the message in the same sense and spirit as the communicator intends to convey but practically it has been noticed that such perfect and complete communication does not take place because of certain obstacles or other factors known as communication barriers. These barriers make the communication incomplete, unforceful and ineffective these barriers may be categorized into the following groups

- ✓ Semantic barriers
- ✓ Physical barriers
- ✓ Organizational barriers
- ✓ Psychological barriers

## **WHAT ARE THE SEMANTIC BARRIERS OF COMMUNICATION?**

Semantic barriers are concerned with the problem and obstructions in the process of encoding and decoding the message into words or other impressions. The use of different languages, interpretations of different words and symbols, poor vocabulary and poor grammatical knowledge are some of the semantic barriers.

**Different languages:** -employees at organization have no common languages this is obvious barrier when there is no common vehicle to convey ideas and feelings. This problem is more acute in culturally

diversified organizations and multinationals. Even competent translators fail to convey the exact meaning of different words of different languages. As company's operations expand and extend to different countries this language barrier widens.

Different context for words and symbols: - words and symbols used have several meanings depending upon the context in which they are used

For example: -

- ❖ Give me water to drink here water means a glass of water
- ❖ The water dispute of Punjab Haryana here water means water of river

**Poor vocabulary:** - poor vocabulary hinders the communicator the words or written or verbal message in right sense. The communicator should know the clear and precise meaning of the used words and their appropriate replacement, if needed; if the in appropriate and inadequate words are used they will not make clear the idea to be communicated.

## WHAT ARE THE PHYSICAL BARRIERS OF COMMUNICATION?

Some of the physical barriers are as follows: -

- a) **Noise:** - any interference or disturbance that reduces the clarity and effectiveness of communication is called noise. It may be physical or psychological, written or visual, noise distracts the persons communicating and acts as barrier of communication.
- b) **Improper time:** - improper timing of communication also hinders the process of communication  
Eg: - an order at closing hour to execute an urgent work may cause resentment in employee who has to catch train for going back to his house, a phone call at midnight, interrupting sleep further irritates the receiver, if message is not urgent.
- c) **Distance:** - the distance between sender and receiver acts as a barrier in the communication process as the sender has to speak loudly to convey the message similarly in import-export transactions because of distances of miles; communication may be ineffective if proper use of Fax, telephone is not made.
- d) **Inadequate or overloaded information:** -inadequate information falls short to convey the message and overloaded information distracts the reader's attention and dilutes the theme of message.

## WHAT ARE THE ORGANIZATIONAL BARRIERS?

**Organizational rules and regulations:** - organizational rules and regulations prescribing the different sub-matter along formal communication may restrict the flow of messages and act as hindrance in the communication process. Sometimes the important messages are omitted or manipulated. Where rules and regulations are flexible and communication is free, employees feel encouraged and motivated to come up with new ideas and opinions.

**Hierarchical relationships:** - hierarchical formal boss- subordinate relationship in organization structure also restricts the free flow of communication especially in upward direction. The greater the difference in hierarchical position the greater is the communication gap between employees and executives.

**Non-conducting of staff meeting:** - in organizations where such meetings and conferences are missing free flow of communication is interrupted and the communication is interrupted and the communication gap between persons being ruled and the ruling widens

**Wrong choice of channel:** - each channel is not ideal and perfect in every situation. If persuasion is to be made by sales manager face-to-face communication is more suitable than talking on phone. Written communication is required in case of formal relations. But in communicating with illiterate people are to be communicated orally or with support of pictures.

## **WHAT ARE THE PSYCHOLOGICAL BARRIERS?**

Psychological barriers arise from motives, emotions, social values, different perceptions, etc. These create a psychological distance, cause misunderstanding among people at work and hinder the communication process

**Selective perception** – Due to our selective perception we cannot communicate the whole end because of different perceptions; neutral words conveying certain positive message convey the opposite meaning as they reach to the receiver. It results into misunderstanding and misinterpretation and makes communication ineffective.

## **HOW TO REMOVE COMMUNICATION BARRIERS? (OR)**

## **HOW TO OVERCOME BARRIERS IN COMMUNICATION?**

**Organizational barriers:** - constant organizational effort is needed to overcome the Barriers which are unconsciously built up by different people in organization.

Persons in position of authority as well as subordinates can be helped to overcome these barriers by training in effective communication. Periodical review and reorganization of communication networks is also needed to ensure that reaches information people in time. The responsibility of overcoming barriers to personal communication and ensuring the success of every communication activity falls upon the senior and the better trained person .the higher your position the greater is your need for effective communication. You have to cultivate all the communication skills including getting feedback and non-verbal communication. The external barriers of defective channels and faulty organizational systems are the managements' responsibility within the organization. The channels must be kept in good working condition, the intercoms, notice boards, information meetings must be kept up-to-date. Many companies which can afford it, maintain sound proof rooms for meeting and take steps to reduce the noise level in the office.

**Semantic barriers:** - semantic and language barriers can be overcome only by being careful with the use of language, and by using words which have clear meaning, by using short and simple sentences, and also by using visual aid whenever possible. Feedback must be got and given to ensure that there is common understanding of a message.

**Personal barriers:** - personal barriers can be overcome only by making a conscious effort and by training for better communication persons in responsible positions are expected to improve their communication skills and overcome their particular blocks. Many companies organize training sessions for their staff for better communication skill.



Barriers can develop unexpectedly since emotions play a large part in communication it is not easy to overcome all barriers everyone has to make efforts to be aware of them and take care to avoid them. To reduce misunderstanding when communicating with people from different culture. These rules may be useful.

- ☼ Don't assume similarity until you are sure. We tend to think others are similar to us and are often surprised to find they are quite different in their thinking. It is safer to assume difference till you are sure of similarity.
- ☼ Depend on description rather than evaluation or interpretation, persons from different cultures evaluate and interpret differently. Before communicating try to feel yourself in the other's role, values and frame of reference.
- ☼ A proper understanding of the nature of barriers helps us to arrive at a solution all the same, good communicators have to form a new set of general habits and recognizes the potential barriers in order to put their meaning across.
- ☼ Good listening
- ☼ Practice in simplifying and clarifying one's message.
- ☼ Obtain feedback analyze it and responds.
- ☼ Repetition
- ☼ Ambience
- ☼ Actions speak louder than words.
- ☼ Cross-cultural get to gathers
- ☼ Informality is useful.

**HOW TO MAKE AN COMMUNICATION EFFECTIVE.ELABORATE (OR)  
LIST OUT SOME OF THE KEY ELEMENTS TO MAKE AN COMMUNICATION EFFECTIVE  
(OR)  
WHAT ARE ESSENTIALS OF COMMUNICATION AND GIVE ITS BENEFIT**

The talking of communication in general we may state the following are the requirements of an effective give and take of ideas and feelings

**Simplicity:** - In practical life most communication has to be simple , direct and without ornamentation. You have to keep in mind the receiver's level of understanding and his mind frame when he receives the message. Pressed for time .he would prefer a simple statement to a complicated one. To simplify, one may use tabulation, graphics, charts, etc keeping the words to the minimum.

**Face to face communication:** It is generally to the sender's advantage to get an immediate feedback and respond to it hence interactive media save time and give instant results. When a salesman is talking across the counter .when a spokesman is addressing a news conference, the message acts two way hence face to face communication may be used whenever is possible to the optimum advantage.

**Use of feedback:** - the sender or originator of message should prepare himself to receive the feedback then he knows what reaction the message is producing in the target audience. If a new product is launched surveys may be conducted to know how people feel about it. If an ad is issued you have to test whether it is working the desired way. Is the message clear? Is it reaching the right audience in the right manner? The quality of reception this is to be assessed and considered in further planning.

**Listening with understanding:** - when you are at the other end of the communication you have a responsibility as a listener and receiver of the messages. You have to be attentive and make an effort to be concentrate. To grasp the message fully you have to attune yourself to it you have to keep an open mind and

receive the message without criticizing it, approving it or disapproving until you have heard it fully. Good listening requires patience and self-discipline. Good listener helps the speaker to become a better communicator. Devoted and sympathetic listening draws the best out of the speaker. That is why listening is called an art also, while listening you have to make mental notes of the message. Then at the end of the listening session you have a ready summary of what the speaker said.

**An environment conducive to communication:** - an environment of trust needs to be created for effective communication to take place. Trust is created by communicating one’s sincere policies and take appropriate steps to achieve this. The management must understand what is creating noise or barrier to communication. It has to take steps to remove the barriers. It is necessary to set the stage for communication.

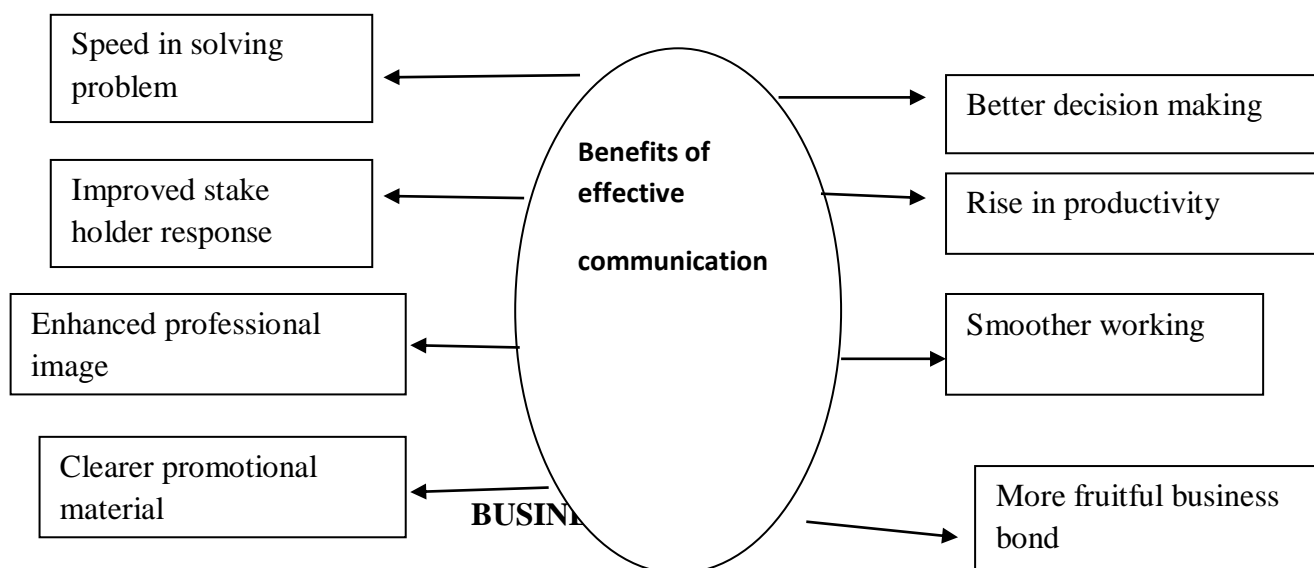
**Receiving non-verbal communication:-** your gestures and postures must be in harmony with the spoken message. You have to learn the technique of expressing yourself well through body language. The speaker should reflect a positive attitude.

**Use of the ‘you’ factor:** - the communicator should minimize the use of I,ME and MINE and maximize the use of you, and yours. This has to be in the spirit as well as words.

**Awareness of the audience bias:** - the communicator should be aware of the audience pre conceived idea and should try to set the record straight talking in a mixed gathering he has to be especially careful that he does not generalize or stereotype individuals or groups if for example. Some smokers are present in a gathering he has to exercise care in making remarks about smoking the same for the group of mixed nationalities.

**Overcoming differences of languages:** - the same word may convey different meanings in different people because of their varied linguistic back grounds for example the proper usage of writing an exam is “to take an exam” but under the influence of Hindi one tends to say the examinee is ‘giving an exam’ in such cases it is better to say “appearing for an exam” also pronunciation of words has to be acceptable to the audience, the text as well as the context of the message should be understood the use of unconventional and technical words should be cautious and sometimes they need to be explained. The same goes for short forms which is too numerous these days with new one coming into circulation every day the best practice is to go over the essence of the message and make sure it is understood.

**Benefits of effective communication:** -



**WHAT DO YOU MEAN BY THE PHYSICAL APPEARANCE OF THE LETTER?**

As in the case of any other article the appearance of the letter is as important as its contents. The letter takes the place of a salesman and represents firm by sending it, like salesman a letter should create a great impression on the mind of the reader. a salesman representing his firm will create a poor impression about the firm if he is poorly dressed or shabbily combed, if he has an unshaved chin, if his shoes are unpolished, or if he did not know the etiquette of approaching and presenting himself similarly a letter bearing an unpleasant appearance fails to catch the reader's eye even if it contains an attractive proposition "a letter is looked before it read, and the first impression it makes in the reader's eye often an important factor which influence the reader's opinion of the sender of the letter".

**Stationary:** paper- letters should normally type on good bond paper. Bond paper has a fine texture it is sturdy enough to stand piercing through with a rod for filing purposes. Erasing does not make it smudgy and it is quite durable. Letters typed bond paper looks graceful.ink marks also do not leave any unshapely blotches.

**Size:** - standard sheets measuring 11'x 8 ½ are preferred these days this size has found wide acceptance because it is reasonably large and its dimensions are quite proportionate. It fits in the standard office file drawn bigger sizes would be awkward to handle. Smaller sizes would look cheap and niggardly.

**Color:** - most business letters are written on white paper with black print. But black ink on white paper gives a strong glare and is hard on eyes. Hence there is now a growing tendency of using light colored paper. Using colored paper has two distinct advantages. Color coding and psychological effect color coding makes papers stand out and they are easy to trace at any point of time. If your letters are send out on a particular color. That color becomes a symbol of your organization and you succeed in color coding your correspondence in other's office

- Light colors should be preferred, being easy on eyes. fast colors like heavy red, deep yellow, and dark green should be avoided.
- Only those colors should be selected which reproduce as clearly as white on copying machines.

**Envelopes:** - it should be made of matching materials. The envelope is seen by the receiver even before the letter is read. In all probability the appearance of the envelope will determine the fate of the letter the envelopes must be impressive.

**Letter head:** - the first page of a letter should be typed on a letterhead modern letterheads usually occupy about two inches at the top of the page. The following information is neatly Printed or embossed on the letterhead.

- ✓ The full name or firm of the individual
- ✓ Address
- ✓ Pin code
- ✓ Telephone number
- ✓ Fax number
- ✓ E-mail number
- ✓ www URL

www URL is the address of the homepage of the organization/ institution/ individual on the internet.

**Typing:** - handwritten letters are now out of fashion most business letters are now typed on electronic typewriters or composed on word processors. In fact, even word processing machines are now replaced by more flexible micro computers with word processing capabilities, these machines offer several advantages:

- The letters can repeatedly edited till the writer is fully satisfied with his draft.
- Visuals like graphs, tables, bar charts, etc can be incorporated in the letter.
- Typing errors can be completely removed before computer printouts are taken.
- The executives can type the letter themselves having the secretary free to attend to other office work.
- Making copies to be sent to other people or for one's own future reference is quite easy. The copies are as clear, bright and impressive as the original letter.

Margins, blank space at the top and bottom: - there are no rigid rules about side spacing and the space to be left at the top and bottom let the length of the letter determines these the general rule is :

- The typed part should look balanced with the blank part, in long letters typing at single space is quite order but if the letter is short double space will look more pleasing. Double spacing between the paragraphs always looks good.

**The use of communication sheet:** - sometimes a letter requires more than one page for typing. For the first page of the letter a regular letter head sheets are used for the second and third subsequent pages continuation sheets are used. But the continuation sheets must be of the same quality and color papers as the letterhead. Otherwise you may give the impression that you believe in a brave font and are other sloppy inside.

It is customary to indicate the name of the addressee, page number and the date on the new page. This information should be given leaving a 1 inch margin at the top and there should be at least two blank spaces between this line and the body of the letter. a letter should never be typed so that the only material appearing on the second page is the complimentary close, signature, reference initials and enclosure notation.

**Folding of the typed letter:** - folding causes creases. We all are aware that proper creasing of a suit no less important than the superior quality of cloth used to prepare it double crease, poorly defined crease or crease at wrong place spoils the elegant look of a suit. Exactly if a typed letter is not folded properly it will spoil its sophisticated looks. While folding the letter one should take into consideration the size of the paper the size of the envelop and the number of enclosures.

## **GIVE THE NEED OF BUSINESS LETTER**

In case of a very small business, letter-writing may be less important, but it is not unimportant. As and when the business expands its activities increase, as also the number of its suppliers and prospects. The best method for all these persons institutions to contact each other is correspondence. The written communication of course there exists other means of communication like telephone, telex, telegraph etc but they can make only a temporary impression on the receiver's mind. The message communicated through these media is less likely to be kept in memory for a long time. Hence, it necessitates confirmation in writing, besides, these media are quite expensive.

- ☛ We need to write a business letter to maintain contacts with the external world including other businessman, customers and government departments.
- ☛ Letter-writing may be less important for a small business establishments but it is indispensable.

**What are the functions of a business letter?**

Business letter provide convenient and inexpensive means of communication without personal contacts furnish evidences of transactions and help in creating good impression and goodwill for detail, we can discuss the following functions performed by business letter. Business letter serve the following purposes:-

❖ **Record and reference: -**

Business letter functions as a permanent record of dealing with customers, suppliers and government agencies etc. especially when the transactions are innumerable and the number of persons dealt with is large, if communication is oral or telephonic. A pale ink is better than the sharpest memory.

❖ **Evidence of contracts: -**

Business letters acts a valid document and evidence of contract between he two parties. A letter signed by the proprietor, managing director or other responsible officers is an authentic proof, fully recognized by the court of law. Therefore communication on telephone , telex or telegraph needs to be confirmed in black and white.

❖ **Public relations: -**

Business letters serves as formal as well as informal business relations even without personal contacts. They help to build goodwill among clients and creditors and create a positive image of the organization among the readers and win friendliness of the other parties. These letters are the silent ambassadors of the company.

❖ **Business in remote: -**

Business letters serve the business in case of dealing with persons operating in remote areas, where means of transport and communication have not developed or the distance s are too large to deal with economically. Business letters can reach even that place which is thousands of miles away or is situated in any corner of the world

## **HOW TO MAKE BUSINESS LETTERS EFFECTIVE?**

Business letters act as silent ambassadors of the company. They should be written in clear and vivid language, free from confusing and complicating phrases and in accurate facts. Not only should they be written effectively but also displayed attractively on handsome looking stationary paper. Producing quality correspondence requires quality service and attitude of the person concerned with writing, typing and the dispatched correspondences. The following are the some points for writing effective and excellent business corresponded.

**Write Naturally: -** It should be as natural as oral communications, therefore do not sacrifice your nautrality for the sake of literacy endeavor. While being natural, ensure that the message is written from intellect and not from the emotions. Be careful and cautions here.

**Take care of language: -** The language of the letter can be improved by following these steps

- Write in simple and straight forward way.
- Use active verbs, nouns adjectives and adverbs to create vivid image and to retain the reader's attention. For Example use

The directors will discuss the extension of plant in the meeting.

Instead of

The expansion of the plant will be considered by the directors in the meeting.

- Avoid the use of words like herewith, aforesaid and under mentioned, etc, which are commonly used in legal language.
- Unnecessary and undesirable phrases should be avoided.

**Clarity of the Message:** The Message of the letter should be clear and unambiguous and self-explanatory. Communication is complete when the receiver understands the message in the same sense and spirit as the conveyor wants to convey. Business letter should take the same into account and clarify the message.

- (a) Avoid use of abstract and vague words and phrases. These are meant commonly for concepts or generalities and ideologies which are far from daily business experiences. Their use definitely leads to misunderstanding.
- (b) As far as possible specific words should be used.

**Brevity:** The effective business letter always expresses the writer’s message in a clear way and in as few words as possible. Brevity does not imply saying less than what is needed but doesn’t also mean saying more. At the same time clarity should not be sacrificed for brevity.

Here are some guidelines for keeping the message briefs.

<b>Instead of</b>	<b>Use</b>
In a Year’s time	In a year
The reason I met the MD	I met the MD because
Due to fact that	because
Square in shape	Square
Few in number	Few

- Try to condense the phrases and clauses wherever possible.
- Use one word substitutes where possible.
- The letter should not be so briefs that it calls for further enquire.

**Accuracy:** Business letters should convey accurate facts and figures to the reader. In accurate information can cost money and goodwill which no business man afford to sacrifice. While writing the writers should ensure that all names, figures, dates, specifications are correctly spelled; the ideas have been clearly presented.

**Check the Tone:** Tone the emotional content of the letter, can be formal, informal, persuasive, humorous, positive or negative. Each tone has a different role to play in a different context.

- ✓ While writing to government agencies, formal tone should be used.
- ✓ Whereas for communicating with a friend or friendly business house informal tone will be better.
- ✓ For first three remainders of collection positive tone is better and for final collection letter negative tone is better.
- ✓ What so ever the circumstances may be never write in anger or hatred.

## **WHAT ARE THE ESSENTIAL QUALITIES OF A GOOD BUSINESS LETTER?**

There are eight C’s of good business letter writing.

- **Correctness:**-The letter should contain correct information. The facts and figures need to be ascertained from the source before committing them to paper. The spellings need to be correct the manners correct that is the respect shown according to the position of the recipient. The grammar and punctuation need to be according to the standard usage.
- **Completeness:** -Enough time and attention needs to be given to make the contents complete in order to fulfill the intent of the letter. The terms and conditions of sale for example, need to be fully stated all

enclosures of the letters should be clearly attached. The dispatches also have a role to play in this. The letter should be numbered, dated and signed.

- **Clarity:** - The letter should be worded in clear language and be free from all ambiguity. Double meaning for meaning, in America 2/6/2006 means sixth February. Hence a letter going to USA should spell the name of the month as “6th February 2006”. Long Paragraphs, uncommon words, usage of foreign language and dead phrases reduce the clarity of letter.
- **Conciseness:** - Conciseness or brevity is brought into letter writing at two levels.
  - ❖ Matter and language. All extraneous information needs to be removed from the letter. Sometimes a single line of thanks or acknowledgement is enough to make an entire letter. As for language here as some examples of how long expressions are made concise.

Long	Short
They do not have money It is a company which is very wealthy.	They have no money. It is a wealthy company.

- **Courtesy:** - To be courteous is to be friendly in attitude and in the use of words. Apart from basic courtesies. Like a saying “dear sir” and “yours sincerely” there are deeper courtesies that endear a letter to its receiver.

Plain	More courteous
We have received your letter.	Thanks for your letter.

- **Consideration:** - With a little recasting, a letter can sometimes become more favorable to the reader. This consideration is called “you attitude” better understand through examples.

We attitude	You attitude
We are happy to inform.	You will be happy to know.

A “you attitude” letter generates a more positive response. A sentence which uses “we” and “our” can also sounds nice to the reader.

- **Concreteness:** - A business letter should avoid approximate statements when exact ones can be giving or we expected. A complaint letter can replace the phrase “loss on a large scale” by the phrase “loss of a 1000 man-hours”.
- **Convincing Power:** - Every letter sells an idea and is to that extent, a kind of sales letter. To get appropriate action is the aim of the letter, for which all the skills of a good sales letter are to be applied. In a sales letter, the endorsement of a great personality, the testimony of the satisfied users, or the technical specifications of a new product are the tools used for convincing.

**GIVE A LAYOUT FOR A BUSINESS LETTER IN DETAIL.**

(OR)

**DISCUSS THE VARIOUS PARTS OF A BUSINESS LETTER.**

The layout of a letter constitutes its different parts arranged customarily usually the business letters, irrespective of their purpose have the following parts.

✚ **Appearance of a business letter:** - A letter makes a visual impression before it is read, and the first impression is often decisive, everyone is attracted by a good, presentable appearance. The appearance of a letter depends on all the things that make up the letter.

- Stationary
- Typing
- Paragraphing
- Folding
- Address

✚ **Stationary:** It must be of good quality preferred to use white paper with black print for heading, the envelope must be same quality.

✚ **Typing:** It must be neat without cancellations or corrections. There should be equal spacing between words and between lines and double spacing between paragraphs and between different parts of the letter.

✚ **Paragraphing:** It is necessary for breaking up a composition into readable, logical and progressive units. It also needed for a pleasing appearance. Usually, a letter has three to four paragraphs a short opening paragraph, one or two longer middle paragraph which carry the main message of the letter, and a short closing paragraph which may be only one sentence.

✚ **Folding** it must be neat. It makes a poor impression if it is badly folded. The size of the folded letter must be such as to fit in the envelope leaving enough space for cutting the envelope open.

✚ **Address** on the envelope is typed half-way down and one-third inward from the left in order to ensure that the post office franking or stamping blot efface it. It is typed in block form. Note that the practice of writing "To" is outdated.

✚ **Parts of a letter:-**The main parts of the letter, apart from the text of the message are Heading, Data, inside address, Salutation, Complimentary close and Signature. In addition to these the following details are included, according to the requirement of each letter ;Reference number , Delivery mode , Subject line ,Attention line , Enclosures, Courtesy copies Sender's and typist's initials.

✚ **Heading:-**The heading is printed at the top. It includes the company's Name and business Emblem, Postal, telegraphic and e-mail addresses, Telephone, telex and Fax numbers.

✚ **Data:** Two or three lines below the letter head, the data when the letter was typed should be mentioned. This serves as an important reference for future. The data of the letter can be written in any of the following ways.

November 30, 20...,  
20 July, 20...,  
1<sup>st</sup> April 20...,  
10<sup>th</sup> June, 20...,

But never write the data as below

30/11/20...,  
20-7-1920  
Sep.6, 20...,  
August 15<sup>th</sup>, 20...,

✚ **Inside Address:** Below the data line the inside address is mentioned. It contains the name, title or division or department, mailing address or pin code of the receiver .

Mr.S. N. Narainasamy, Accountant,  
Finance & Accounting department,



Krishna financiers,  
12, Mall road,  
Agra.

✚ **Salutation:** Below the inside address, the complimentary greeting, which is called 'salutation' is made on the right or left side. This salutation depends upon the writer's relationship with the correspondent. Usually in business Correspondences, 'Dear Sir or dear Madam (for both Single & Married women) is applied for addressing the correspondent. In addition to this, there are other forms of salutation.

Sir or Madam-Used in case of more letters relations for example, writing to superior officers, editor of newspapers, etc

Dear Mr. Amit-Used when there is a close relationship between two parties.

Or

Dear Ms.Anita

✚ **Reference Lines:** For inviting Special attention to the subject matter of the letter or singling out to person to whom the letter is addressed. Reference line is inserted below the inside salutation with word 'Subject' or 'Attention'

Mr. Manish Malhotra.

Anita traders,

64, Mai Hiran Gate,

Jalhandhar-144003.

Dear Sir,

Subject: Supply of 600Rins

Finance Department,

Punjab tractors limited,

Phase II, Mohali.

Dear Sir,

Attention-Mr, RajeevTandon, Accountant.

✚ **Body:** Body is the main part of the letter with preceding and succeeding parts as its ancillaries. These ancillaries are formalities, yet convey certain messages. The body of the letter starts two lines down the salutation either in block style with no paragraphs, indentations or semi block style with indented paragraphs. There are no hard and fast style regarding adoption of the style, any style can be applied. When the matter or message is large, it is divided into paragraphs. The first paragraph intends to catch the reader's attention by referring to his need or interest. The second paragraph mentions the services, products or other information you can offer that suits the reader and the last paragraph ends the matter with the action that the writer likes the reader to take.

✚ **Complimentary close:** - After the body of the letter complimentary close is typed whether on left or right side of the letter. This is conventional and polite way of ending the letter. Most of the business letters use the following complimentary closures:

Sincerely- yours sincerely

Truly- Yours truly

Faithfully- yours faithfully

✚ **Signatures:** - while typing the letters two or three lines, below the complimentary closures, are left blank for the signatures of the writer in Ink .just below, his name and designation is typed.

✚ **Reference initials:** - below the name and designation of the sender, the sender of the letter puts initials, which are called as the 'Reference initials'.

✚ **Enclosures:-** this is the certain material enclosed with the letter for its indication enclosures are put at the end of the letter.

Here is the skeleton letter below with numbered positions of the parts .this is a typical business letter, though we add the practices in regard to layout differ.

Heading	ABC Corporation 1, 1, M .G .road Nagpur-440001 Email: abc@vsnl.net.in Tel: xxxxx fax: xxxx
Date	March 31, 2006
Reference	Refe GK-Z
Inside address	M/S LMN and sons 1250 central Avenue Nagpur -440002
Attention line	Attention: Shri S .P Gupta
Salutation	Dear sir
Subject line	Subject: supply of raincoats and umbrellas.
Body	we understand that you are distributors of raincoats and umbrellas of Reputed Companies. We deal in these goods and shall be glad to have your catalogue for them. A Visit by your sales personnel will be specially appreciated. If your terms of sale are found suitable, we can offer you business worth Rs.20, 000 to 30, 000 in the coming season. We shall be happy to have an early reply
Complimentary close	yours sincerely.
Signature block	For ABC Corporation xxxxxxx Partner.

## **STATE DIFFERENT KINDS OF THE BUSINESS LETTER**

**Kinds of the business letter:** - For the sake of convenience we can divide business letters into the following kinds:

- A. 1. Enquiries and replies
  - 2. Orders and their execution
  - 3. Credit and status Enquiries
  - 4. Complaints and adjustments
  - 5. Collection letters
  
- B. 1. Circular letters
  - 2. Sales letters
  
- C. 1. Bank correspondence
  - 2. Insurance correspondence
  - 3. Import – export correspondence

#### 4. Agency correspondence

##### D. 1. Application letters

2. Interview letters, references, testimonials, letter of the appointment, confirmation, promotion, Retrenchment, Registration.

##### E. 1. The correspondence of a company secretary.

2. Correspondence with state and central Government.

F. **Letter to the press:** - Business letters can also be classified as official letter, demiofficial (D.O), internal letters or memos, form letters, etc.

- Official letters are written to government or semi-government bodies.
- Demo official or D.O letters are official in purpose but are addressed to a person by name, D.O letters may be written if.
  - The matter requires personal attention of the addressee.
  - The matter is of confidential nature (or)
  - The matter is urgent and requires immediate disposal.
- Internal letters or memos are used both in government offices and business houses for internal communication.
- Form letters are used for correspondence of recurring of routine nature. They are used in as of acknowledgements, reminders, interview notices, appointments, etc. they have a standard form with some blanks left in them. Letters are sent to the address with relevant details filled in.
- Sometimes these form letters carry a number of paragraphs one or more of which can be ticked. These paragraphs are known as form paragraphs and are usually printed on post cards.
- Form letters lack personal touch but they save the establishment a lot of the time and labor.

#### UNIT-I COMPLETED

#### UNIT-II

#### WHAT IS ENQUIRY AND MENTION ITS TYPES

**Introduction:** A letter of enquiry is written to ask about goods and services that you may require. In this, you state your purpose and ask for the price list, quotation, sample, etc. It is a letter from a prospective buyer to a seller. It is customary that for the purpose of finding the cheapest and best source of supply of required goods. The potential customers inquire and invite quotations from possible sellers. For this enquiry letters are written for asking information about product price, terms and conditions of sales, etc. enquiry may be routine, in response to advertisement or at one's own initiative. Letter of enquiry are of the following types:-

- **Unsolicited enquiries:** - These are made at the buyer's initiative.
- **Solicited enquiries:** - These are made when the seller solicits (i.e. asks for) enquiries through an advertisement or otherwise.
- **Routine enquiry:** - an enquiry made by an old buyer in the usual course of business.
- **Enquiry for some favor:** - an enquiry not about goods but about some other information may be about some special price or some favorable terms.

#### GIVE THE OPENING AND CLOSING STATEMENTS OF BUSINESS LETTER.

**Opening sentences: -**

- ✓ We would be grateful to get details of your prices.....

- ✓ We should appreciate details of....
- ✓ We should be pleased to get information about the prices and terms on which you could supply....
- ✓ We are interested in filling our stocks of (goods) manufactured by you. So could you kindly....
- ✓ We are considering the purchasing of ....and is making preliminary enquiries from several suppliers with a view to compare prices and terms of sale.
- ✓ May we request you to let us know your lowest rates for the following items which we are planning to purchase from the supplier with lowest quotation
- ✓ A business friend has given us your name as a reliable firm, prepared to supply.... We would welcome information about your range of products.
- ✓ We are in need of.....and shall be grateful if you send us
- ✓ Your advertisement in ....interests us and we would like to.
- ✓ I understand that you are dealers in/manufactures of .....And would request you to send us your catalogue of....

**Closing sentences: -**

- ✓ We hope the terms and conditions you quote will be satisfactory .we shall, of course, be happy to order all our requirements from you.
- ✓ If your terms are favorable we should be pleased to send our order immediately.
- ✓ As we need these goods urgently, we shall be grateful for your prompt reply.
- ✓ Since we plan to contact for regular long run businesses, we are sure that you will quote your most favorable terms
- ✓ We look forward to your reply of your quotations are cheap and best, we shall be happy to buy from you.
- ✓ Your early reply will be appreciated
- ✓ In your reply please include the delivery details.
- ✓ Please inform how soon you can supply the goods as we require them for our immediate needs.
- ✓ If your goods find acceptance with our customers, we can place regular and large orders with you.

**WHAT ARE THE POINTS TO BE KEPT IN MIND WHILE DRAFTING ENQUIRY LETTER?**

**For drafting enquiry letters the following points should be considered:**

- Use direct and straight forward approach with confident and positive tone.
- State clearly the purpose of enquiry in compact yet complete language.
- Request for catalogue, price list or sample of desired goods.
- Ask terms and conditions regarding discount, credit, packing and forwarding
- Express your gratitude for the time the reader has spent in reading the letter if enquiry is made for getting certain information other than related with purchase of goods; also include self-addressed envelopes in such cases.
- Avoid lengthy unnecessary and unwanted statements.
- State clearly and briefly what you wish to buy and whether you want general information, a price list, a catalogue or a quotation.
- If there is a limit up to which you can pay the price, do not mention that in the letter otherwise the seller may be inclined to hike the price to that limit.
- Most suppliers state their terms of payment and delivery so this need not be asked for unless you want a special mode.
- Ask for samples or demonstration, if needed
- Tell the seller how you got his name –whether someone personally recommended him or you learnt about him through an advertisement.
- State the details of your business and what you are interested in
- Give an idea of the quantity you need in order to enable the supplier to quote the best possible price.

**Things to avoid while drafting the letter:**

- Avoid lengthy and unnecessary statements.
- Avoid repetition
- Avoid apologies-do not say: “we beg you to send.....” etc.

**REPLY****HOW REPLY CAN BE DONE?****Introduction: -**

- Enquires must be replied to promptly.
- Even when the seller does not stock the goods asked for or even if he cannot agree to the terms mentioned in the letter, a prompt reply, thinking the inquirer, must be sent.
- A prompt reply suggests that the seller is fully conversant with business etiquette and has a genuine respect for the buyer and his interest.
- Replies usually contain prices, quotations and other terms of sale, such as discount, credit, delivery, etc. Price lists and quotations may be sent separately or may be enclosed with the letter in both cases the letter of reply ought to contain a reference about them.
- Replies to regular customers should clearly, correctly and accurately convey all the information sought by them.
- They should be polite and direct and should express gratitude for the enquiry made.
- Replies to first enquires are different from routine replies.
- They must be drafted in such a way that the enquiry may soon turn into a rewarding order. In other words they must contain ‘selling points’. Such selling points will also have to be included in letters written to promote the sales of products already being marketed or to introduce a new product.
- Replies must replace salesman they must contain something capable of arousing the reader’s interest and creating in him a desire to buy. They must carry to the customer some of the convincing force of a good salesman’s talk.

**WHAT ARE THE POINTS TO BE KEPT IN MIND WHILE DRAFTING REPLY LETTER?**

The following points to be kept in mind while drafting a ‘reply’

- ✓ Refer to the date and or number of the letter.
- ✓ Thank the party for his letter and show appreciation for his interest in your company, its products or service.
- ✓ Answer in a cheerful tone, all the questions in the letter of enquiry.
- ✓ If possible, add relevant information in the form of a short description of goods, prices, advantages, favorable terms, etc.
- ✓ State the terms clearly and concisely, time required to execute the order, if placed, place and mode of delivery, terms of payment, discount (packing), etc.
- ✓ State the time for which the offer is open if time is an important factor
- ✓ State whether the price list, catalogue, samples, etc., are enclosed or they are being sent separately.
- ✓ Use some sales talk to stimulate the interest of the buyer.
- ✓ Show your willingness to serve or help the customer in the form of additional information, etc, if needed

## OFFERS AND QUOTATIONS

### WHAT IS OFFER AND QUOTATION AND GIVE IT'S IMPORTANCE?

- ✓ When you receive an enquiry, it is like walk-in business. You must answer it promptly and to your advantage.
- ✓ If it is from an established customer, you can state how much you appreciate it if from a new source.
- ✓ It can be the beginning of a lasting and mutually beneficial business relationship.
- ✓ A quotation is an offer to sell goods at a given price upon the stated conditions.
- ✓ It enables the prospective buyer to know where the seller stands in the deal.
- ✓ A quotation is a specific offer for sale. It is made in response to an enquiry from a particular person or business house. A quotation includes details about the prices of the specific goods desired, terms of payment, and conditions of delivery, etc.
- ✓ An offer is general and voluntary .it is like a sales letter sent to all prospective customers including existing customers.
- ✓ Offers must be made attractive. They should be capable of arousing the recipients' interest in the goods.

**Firm offer:** - a firm offer is an offer in which the seller undertakes to accept an order, at the price named and on the conditions stated only within a specified time.

**Offer without engagement:** - it is an offer in which the seller is bound by the price and condition stated by him. He reserves the right to negotiate further before he finally accepts the order.

#### While making offers, the seller must touch the following points:-

- ❖ The quality of goods.
- ❖ The unit of weight or measure.
- ❖ Terms of payment, whether cash or credit.
- ❖ The mode and place of delivery (whether ex-warehouse, f.o.b)
- ❖ The mode of transportation (whether by post, courier, train steamer, etc)
- ❖ The time of delivery.

### WHAT ARE THE IMPORTANT TERMS USED IN OFFER AND QUOTATION?

- **Ex-warehouse-** price of the goods at the warehouse of the seller
- **At station-** this price includes the cost of the goods and the charges of transporting them to the station named
- **Loco-** price of the goods at the seller's warehouse/factory. It may or may not include the cost of packing. The quotation should specify whether packing charges are included or not.
- **Free on rail (F.O.R)** the charge of loading the goods into wagons are to be paid by the seller and are included in the quotation 'at station' price does not include loading charges
- **Carriage forward (carr.fwd) -** transport charges to be borne by the buyer.
- **Carriage paid (carr. paid)-** the cost of delivering the goods at the buyer 's address or the nearest station to be borne by the seller.
- **Prompt cash-** payment must be made within two or three days of the arrival of the goods.

- **Cash with order (C.W.O)** – cash should be accompanying the order, or the order will not be executed.
- **Cash on delivery (C.O.D)** - payment must be made when the goods are delivered to the buyer.
- **3 per cent, 7 days** – a discount of 3 percent will be allowed on the price quoted if the payment is made within 7 days of the invoice.
- **E .& O.E-** errors and omissions excepted- usually printed at the left hand bottom of an invoice. The implication is that the seller has the right of making corrections of errors or omissions, if any.
- **Forwarding note-** a note prepared in prescribed form by the consignor of goods by railway giving the particulars of goods consigned and the name and address of the consignee
- **Free on board (F.O.B)** - this means the goods will be loaded on board a ship free of coast. The buyer is responsible for the costs thereafter such as freight, transit insurance, etc.
- **Ex-ship-** this means the quoted price includes delivery to the buyer’s premises.

**STATE THE OPENING AND CLOSING LINES FOR QUOTATIONS?**

**Opening lines:**

- Thanks for your letter of enquiry dated.... As requested we enclose...
- In reply to your enquiry of .... We are pleased to send , by separate post.....
- We are happy to learn that you are interested in....
- We are pleased to receive your enquiry of.....for...

**Closing lines:**

- We look forward to receiving your valued order soon.
- You may contact us over the phone or by email also for any further details.
- We hope to hear from you soon and shall attend to your orders promptly

**OFFER**

**WHAT IS AN OFFER?**

- ✓ An offer is a proposal made by one potential party to a contract for sale or service, which is likely to be accepted by another potential party to a contract for sale or service which is likely to be accepted by another potential party to make a binding contract between the two.
- ✓ It is a voluntary act on the part of the trader makes a binding contract between the two.
- ✓ It is a voluntary act on the part of the trader who makes the proposal.
- ✓ The trader does it to sell more.
- ✓ He reaches chosen customers through the letters of offer.
- ✓ The offer quotes a price and remains open for some time for acceptance.

**MENTION THE ESSENTIAL FEATURES OF OFFER.**

- The opportunity provided by a non-firm offer should not be used to exploit the buyer.
- It would be better to mention the offered price with all relevant details of the goods.
- The quantity, quality, description, the terms of payment and its schedule, the mode of transport, packing, the time of delivery, etc., should be clearly stated in the offer letter.

**EXPLAIN THE METHOD OF DRAFTING AN OFFER LETTER AND WHAT ARE THE POINTS TO BE REMEMBERED WHILE DRAFTING OFFER LETTER**

- ✚ The objective of an offer letter is to boost sales.
- ✚ The offer should arouse the interest of the reader. Since it emanates from the seller, it should be drafted well the reader should not be allowed to treat it as junk mail.
- ✚ The letter should focus on the offer, special or otherwise which will bring benefit to the reader.
- ✚ The letter should begin on a positive and friendly note.
- ✚ An offer letter is also a sales letter. It should incorporate the following features of a sales letter.
- ✚ The letter should arouse the receiver’s interest or arrest his attention.
- ✚ It should definitely make an offer or a promise that is different from the routine.
- ✚ The plus value of the offer should be brought out clearly. The plus value is the buyer advantage given by the offer.
- ✚ Persuade the reader/ buyer to grab the opportunity provided by the offer.
- ✚ Make a request for an action within the period of offer.

**MENTION THE DIFFERENCE BETWEEN AN OFFER AND A QUOTATION.**

S.NO	OFFER	QUOTATION
1.	An offer quotes the price	A quotation also quotes the price
2.	An offer is made voluntarily to potential buyer	An quotation is made in response to an enquiry.
3.	An offer is sent to all prospects	A quotation is sent to specific parties or persons.
4.	An offer is followed by an acceptance or rejection.	Quotation is followed by selection
5.	An offer with acceptance becomes a contract	Quotation is an invitation to a contract.

**ORDER**

**Introduction:** - Orders are offers to buy goods or services from a seller. The preliminary details of an offer by a seller or the quotation of a seller. The preliminary details of the sale have already been gone through resulting in the order from the buyer. By its nature an order is a good news letter .The first legally binding document between the buyer and the seller is the order. Once the order is placed in response to a quotation or a firm offer, the seller proceeds to execute the order. The order is a commitment on the part of the buyer to pay for the sale once it is executed.

**WHAT ARE THE ESSENTIAL ELEMENTS IN A BUSINESS ORDER?**

- ✚ Open the letter with the good news of the order.
- ✚ Thank the seller for the quotation sent.
- ✚ State the number/ date of the offer/ quotation.
- ✚ If it is a repeat order thank the seller for the earlier sales.
- ✚ Specify the date by which you want the execution.
- ✚ Give details- number, name of the goods ordered with specific description.
- ✚ Be clear on quantity ordered.
- ✚ Mention the negotiated or quoted price.
- ✚ Give forwarding and packaging direction.
- ✚ Provide all details on the mode of payment.
- ✚ Give an appropriate closure.
- ✚ You should place an order in firm and clear language. Your ‘you’ attitude to the seller requires this.



- ✚ Even if stated in earlier correspondence, give a detailed, exact and full description of what goods or services you wish to have. This includes details like size, make, quality, color, reference number (from the catalogue), identification number, etc. These should not contradict what you have written earlier and what the seller has offered. Hence a proper study of the previous correspondence is necessary while placing the all important order. You may enclose a photocopy of the quotation which you have accepted for placing your order.

## **GIVE SOME OF THE USEFUL PHRASES FOR PLACING A ORDER**

### **Useful openers for placing an order:-**

The order should have an opening that conveys the business message exactly. An order becomes easy for execution if it is given a number and date and also as a reference. It is advisable to prepare an order in duplicate copy can be filled by the buyer.

- We enclose our order for 200 ultra carburarettor kits....
- The accompanying order is for 30 inverters.....
- Thanks for your quotation and information leaflet of 2<sup>nd</sup> February in response to our email for them. We give below order for.....
- I would like to place a trial for rite watches manufactured by svatantra udyog. Below are the details of our requirements.
- I wish to place an order for...
- I am pleased to order the following.....
- Consequent to the representation made by your sales executive, I am pleased to order....

### **Useful closers for placing an order:**

- We hope to have a continued cordial business relationship with you.
- I look forward to your acknowledgement/confirmation.
- If the goods pick up in the market, we hope to place many more orders with you.
- If the goods are sold out you may look forward to more orders from us.

## **WHAT ARE ORDER FORMS AND MENTION ITS ADVANTAGES OR IMPORTANCE**

Large commercial establishments and big commercial firms have printed order forms to place orders. The use of printed order forms speeds up the process of ordering and their execution. Dispatch becomes easy. Order forms are provided by sellers to enable them execute orders swiftly and precisely. In case of foods, beverages and perishable orders are placed over phone and the seller's dispatch department takes down the order in the regular form in duplicate and sends the supplier with a copy of the order form. Order forms can be used as a routine only after a cordial business relationship has been established. It becomes an established way of dealing between the seller and the buyer. Order forms are accompanied by covering letters or complimentary slip. They may be numbered, making the reference easy. They make sure that all relevant information is indicated. They may have conditions printed on back, but a reference to them is required on the front of the form. Even with a printed order form, a covering letter is desirable as it allows you to make any necessary point and confirm the terms of your understanding

ROYAL STATIONERS  
(WHOLESALEERS)  
122-BROADWAY  
CHENNAI-600001

ORDER FORM

DATE.....

PARTICULARS	RATE	QUANTITY REQUIRED

**TO BE DELIVERED ON OR BEFORE.....**

**MARGHAM PUBLICATIONS**

### EXECUTION OF AN ORDER

#### HOW AN ORDER CAN BE FULFILLED? OR GIVE THE EXECUTION OF AN ORDER

**Introduction:** - an order must be promptly acknowledged, especially if the fulfillment is going to take some time, this may be done by writing a letter or by sending a printed acknowledgement card.

#### Guidelines for responding an order acknowledgement has the following objects

- Thanking the customer and building the goodwill.
- Legal acceptance of the terms of the order.
- Reference to the date of receipt of the order.
- Stating when the order will be fulfilled and the likely date of delivery
- Putting in a clause about getting further business and continued support from the customer.

#### Useful phrases for accepting an order:

- ❖ Thank you for your order no.12867 dated 29<sup>th</sup> June , which we received today. The order is being filled immediately and may reach you by courier by March 5.
- ❖ Your order for paper manufacturing machine is being readied and will be dispatched by 10<sup>th</sup> September.

- ❖ We are pleased to inform you that your order for plastic drums is receiving our immediate attention. The goods will be dispatched by Saturday and we note to inform you by phone when this is done.

**Acceptance letter:** the letter of acceptance from the seller completes the contract. It is a binding a contract between the seller and a buyer. Unless there is an order and an acceptance in reply, there is no contract. Both the buyer and the seller have to discharge their obligations according Indian Contract Act. The buyer cannot withdraw or cancel the order after the letter of acceptance is issued by the seller.

**Useful openers for fulfilling an order:**

When an order is fulfilled the information may be faxed or emailed but still the buyer needs the documents to receive the goods.

- ❖ Your order no1234 of 4<sup>th</sup> bay is already dispatched by a TCI truck and the documents have been sent by post to your banker.
- ❖ we are pleased to advice you that your order for machines has been supplied by air today. The documents are enclosed to this letter.
- ❖ Your order no.GK-102 is being sent by a specific truck today to arrive in Raipur within three days.

**Useful choosers for acknowledging/ fulfilling an order:-**

- ❖ We hope to receive more sa business from you
- ❖ It is a pleasure to do business with you and we hope to hear from you soon.
- ❖ Once again thanks for your order.
- ❖ We feel confident that you will be confidently satisfied with these goods and fund them very good value for money.
- ❖ We hope that there is a good take off of these goods on your area.

**Replies to orders:** Though an order following a quotation is normal the seller has certain choices to make before accepting and fulfilling an order. He may reject the order based on its defective nature or based on factors beyond seller’s control. He may just acknowledge the order, seeking a little time for its acceptance. He may straightway accept the order, communicate his decision and execute the order. The seller has to carefully examine the order and then decide on his first response.

**The acknowledgment of an order:** The seller immediately, on receipt of an order responds to it by a printed letter format or a specified reply drafted. This gives time to the trader to examine the order and find out if it conforms to the offer or quotation sent by the seller. The sequence of the offer/quotation, order and its acceptance tact is a delicate one and has to be handled with that tact.

**HOW AN ORDER CAN BE REJECTED OR GIVE THE CANCELLATION OF AN ORDER**

**Rejection of an order:** all orders cannot be accepted and executed. The rejection of an order may be necessitated by extraneous factors or internal problems. It may be even due to the buyer misquoting price or terms deliberately or by oversight. A rejection letter is a bad news letter for the buyer the seller can suggest alternatives to the ordered goods if they are not available, alternate sources of supply or ask for a clarification and resubmission of a defective order. Courtesy and politeness should be the watchwords while drafting a rejection letter.

**UNIT-II COMPLETED**

## UNIT-III

### COMPLAINT

#### WHAT IS COMPLAINT?

Sometimes the goods/services that you buy are delayed or not up to the mark and you have to lodge a complaint with the seller so as to get an adjustment. A complaint letter is to be written as the receiver would like to receive it. It should not be an angry or emotional outburst. Hence, it is to be written calmly, with the assumption that the complaint is going to be corrected. It is written tactfully, with due consideration for the feelings of the receiving party. You must also bear in mind the possibility that the party which receives the complaint letter may be different from the one responsible for the complaint.

#### WHAT ARE THE VARIOUS OCCASIONS FOR WRITING COMPLAINT LETTERS?

##### Various causes for complaints on the part of customers

- ✓ Wrong goods have been supplied.
- ✓ The service received is not up to the mark or as agreed.
- ✓ The quality of goods is not satisfactory.
- ✓ The goods are received in a damaged condition.
- ✓ Higher prices are charged.
- ✓ There is a delay in supply.

#### WHAT ARE THE BENEFITS OF COMPLAINTS?

A genuine claim helps the receiver of the claim improve the quality of the product or service. Sometimes complaints result in evolving new trade policies with lot of ethical concerns. The claimant gets immediate relief if the claim is attended to properly.

#### WHAT ARE THE ESSENTIAL FEATURES OF COMPLAINT?

Essential features of a letter of complaint:

- a) A subject heading or subject line will draw immediate attention.
- b) A recall of earlier business relationship.
- c) Non-apologetic tone.
- d) Details of the complaint with evidence.
- e) A request for remedial action

#### GIVE THE SCOPE FOR COMPLAINT

In business, there is endless scope for complaints, since it involves numerous material and financial transactions, handled by many people. Complaints arise when

1. Goods are defective, inferior or damaged.
2. Goods do not correspond to the order.
3. Goods are delayed.
4. Services are defective or delayed.
5. Difference in invoice bill or payments.

#### WHAT ARE THE ELEMENTS OF COMPLAINT LETTER?

An effective complaint letter is well grounded in facts and is worded firmly but courteously. Here are some tips for writing it:

- Write a complaint letter immediately. If time is lost, the party at the other end may have difficulty in investigating.
- Do not assume that the supplier was to blame. The true cause of the complaint may be elsewhere.

- Make a thorough enquiry and investigation at your end and make sure you have a valid ground for complaint. Also, when writing to the supplier, give all necessary details like date invoice no., item or items, and the exact nature of complaint.
- Ask for a specific remedy or adjustment to solve the complaint.
- Avoid being rude or sarcastic.
- Address the complaint to the department designated for the purpose, e.g. Customer Relations Department.

## **GIVE THE HINTS FOR WRITING COMPLAINT LETTER**

### **Useful Expressions in Writing Complaint Letters**

#### **Opening phrases:**

- ✓ *Our order no. T-125 dated.... has not been delivered yet.*
- ✓ *We have to inform that our order dated.... is already 7 days overdue.*
- ✓ *We have to advise that your parcel dated... against our order no. GB-445 was received in a damaged state.*
- ✓ *Upon examination of the consignment sent by you on... we find that the goods are short by 10 pieces.*

#### **Closing phrases:**

- *We hope you will please examine the matter immediately and inform us when the goods are likely to reach us.*
  - *Would you please explore how the damage occurred and make good the loss?*
  - *Please examine the matter with your dispatch section and let us know at once.*
- We hope that you will make a suitable adjustment in this case*

## **WHAT ARE THE ADJUSTMENT LETTERS?**

An adjustment letter is written in response to a complaint. It explains how the complaint will be remedied. The first step towards solving a complaint is to investigate the causes of the complaint and to assess your responsibility in the matter. Thereafter you may either grant an adjustment or refuse it.

## **WHAT ARE THE GUIDELINES FOR WRITING ADJUSTMENT LETTERS?**

From the supplier's point of view, to solve the complaint, the following rules may be kept in mind:

- A customer is satisfied when the seller takes the stand that the customer is always right. Whether this is true or not, it is good to start an enquiry into the complaint assuming that he is right.
- Acknowledge the complaint promptly. State that it is being investigated. Ask for details that may be necessary to check out the facts, including documentary evidence.
- If the complaint is not valid, point this out without causing offence to the party. Appeal to his sense of reason.
- If you notice an error on your part, acknowledge it and set the correction in motion. Inform the customer of this, with due apologies. This will placate the receiver's feelings.
- Explain the circumstances in which things went wrong, and state the company policy in such cases. This will define your role in solving the complaint.
- Do not name the person who is responsible for the wrong. It is your internal matter. Accept the error on behalf of the company.
- Thank the customer for bringing the error to your notice.

## **WHAT ARE THE CIRCULAR LETTERS?**

Circular letters are effective means communication between a business organisation and its clientele. The receivers of circular letters are customers, employees, branches, franchisees, shareholders and other individuals connected to the business. Circular letters are an easy and formal means of communication. Such information can also be given through announcements or advertisements in print or electronic media. But advertisements and announcements have limitations owing to the reach of the broadcast or telecast timings.

Circular letters reach the intended recipients precisely. Moreover, they are an effective substitute for a personal visit.

## **WHAT ARE THE OBJECTIVES AND SITUATIONS OF CIRCULAR LETTERS?**

### **Objectives of circular letters**

There are four objectives of writing circular letters:

- To obtain publicity for a cause, a campaign, or merchandise
- To make the reader interested in their contents
- To impress the reader with facts and information about the policy and the events which may have necessitated the sending of the circular letter
- To gain the confidence of the reader.

### **Situations that need circular letters**

1. Opening of a new shop or a branch or expansion of the firm
2. Change in address or premises
3. Introducing a new product
4. Price reduction and clearance sales
5. Obtaining an agency
6. New facilities created for the customers or employees.
7. Appointments and retirement of executives.
8. Change of partners, both induction and removal.
9. Retirement or death of a partner
10. Instructions to employees.
11. Change of price/cost of product or service- price reduction or clearance sales
12. Reduction of interest.
13. Information to shareholders about meetings, dividends, changes in policy, or issue of new shares/debenture.
14. Purchase of a business
15. Obtaining an agency.
16. Conversion of partnership into a limited company.

## **EXPLAIN THE HINTS FOR DRAFTING A CIRCULAR LETTER?**

Hints for drafting a circular letter:-

- It should be to the point.
- Keep the circular letter brief to ensure that it is read.
- The main idea behind the circular letter on which you desire action should be presented in an appealing manner.
- Add force by using the you attitude .circular letters are generally unsolicited letters, and to draw the readers interest in them, the frequent use of you and focus on the reader's self-interests, everyone , etc. by rephrasing sentences.
- Though circular letters sent to different people contain identical messages, they must present a customized look to every individual. The person getting it should feel that it was specially designed for him .if a circular letter has a salutation like dear Mr.Anand rather than dear sir, it creates a much better impression customizing is easily possible using the modern technology.
- The main information being given in the circular letter must be highlighted it may be in bold letters, in color, in a box or printed over a screen so that the reader's scanning eye can instantaneously catch it.

- Give your circular letter attractive looks. Generously play with font sizes and styles and use asterisk or bullets to create an attractive design.
- If the circular letter needs a reply, include a tear –off slip with a dotted line to mark where it has to be torn off. The slip will be duly filled and returned to you.
- Give the reader sufficient space to fill in the information.
- Include the return date and address in the slip.

## **WHAT ARE THE ADVANTAGES AND FEATURES OF SENDING CIRCULAR LETTERS?**

### **Advantages of sending circular letters**

1. Circular letters are inexpensive means of communication.
2. They are easy to send to the precise targets of clients/customers.
3. The recipient can go through the letter at leisure. He can file it for future reference.
4. They do not cause immediate reactions that may be adverse.
5. Ending them can be development or instruction which is of potential interest to each receive

### **Features of circular letter:-**

- ✓ They should be neat and attractive
- ✓ They should be persuasive and courteous. They should not be apologetic or arrogant
- ✓ If the letter has some unfavorable information, its tone should be conciliatory.

## **STATUS ENQUIRY**

### **WHAT IS STATUS ENQUIRY?**

As a firm grows and its volume of business increases both overdrafts and credits will increase. An organization has to enlarge in business by resorting to the supply of its goods or service on credit. a reputed company cannot afford to give dealership to strangers without knowing their financial status and business experience. In order to know the credit worthiness of firm/individuals, business organizations write letter enquiring about the status in finance as well as market. Such letters are called status enquiry letters. These letters make discreet enquires about the business standing, experience, financial position and credibility of the applicant to work or do business on behalf of the company.

### **STATE THE NEED AND IMPORTANCE OF STATUS ENQUIRY.**

#### **Need and importance of status enquiry**

Credit has become a powerful instrument in modern business. Industry and trade have expanded rapidly because of the credit arrangement between the buyers and sellers. Credit is a convenient means by which business is transacted to the advantage of buyers and sellers on the basis of mutual confidence and goodwill. Large scale production and wider marketing shall become impossible if the producers and wholesalers are unwilling to extend their credit to dealers. Before allowing credit, the trader should ascertain the following information about the customer

- HIS CHARACTER-his honesty, reputation, trust worthiness, moral conduct etc.
- HIS CAPACITY- his business experience and knowledge
- HIS CAPITAL i.e. the money at this disposal, his assets and liabilities
- HIS BUSINESS CONDITION.

### **MENTION THE SOURCES OF INFORMATION IN STATUS ENQUIRY.**

**SOURCES OF INFORMATION:** - Relevant information about the four conditions can be obtained from  
 ✓ Internal sources,

- ✓ External sources, and
- ✓ From the customer.

- **Internal Sources:-**

Internal sources refer to the size of the orders and his past dealings with the sellers and also the salesman's report about the customer. These constitute a valid and dependable source particularly, in case of known customers.

- **From the Customer:-**

Information can also be obtained from the customer himself. However, such information cannot be considered as dependable because customer may furnish false information so as to obtain credit facilities.

- **External Sources:-**

External sources also constitute a dependable source for obtaining information.

The external sources comprise of:

- ✓ Trade References.
- ✓ Bank References.
- ✓ Information from Trade Information agencies.
- ✓ Credit Inquiry Agencies.

- **Trade Reference:** Usually, an order for goods or for an appointment or an agency from an unknown person will Trade References i.e., the names of firms or individuals from whom, enquiries about his standing can be obtained. The referees are expected to give impartial opinion about the person who had placed the order. The seller should also note whether the person whose name is given as a referee is a responsible businessman in that area.

- **Bank Reference:** Sometimes the buyer may also give the addresses of his banker as a referee. In this situation, the seller cannot seek information direct from the referee banker, because the relationship existing between the banker and his customer is highly confidential. As a rule, the banker shall not directly reply to private enquiries. But it is a more common practice for the bankers to give such information to the fellow bankers. Therefore, the seller who seeks information about the user must get it through his own banker. The referee bank is generally requested to furnish information about the customer as to the following particulars

- ✚ Types of the accounts opened by the customers.
- ✚ Size and duration of the account.
- ✚ Nature of the loan or credit limit granted to him and the security offered by him.
- ✚ Regularity of the customer in scheduling the payment of his dues.
- ✚ General opinion of the bank about the credit standing of the customer.

On the basis of the information given by the referee, the seller's bank intimates its general findings to the seller about the advisability of granting credit to the customer under reference.

**Utility of Banker's Reply:-**

The reply given by the bankers, as a reference shall be useful but very general. In most cases, they are noncommittal. It shall not completely reveal the relevant facts about the rating of the customer's reputation. Bankers raise their opinion on the state of current or loan accounts of the party and may not highlight the business situation and prospect of the party in question.

**Information from Trade Information Agencies:-**

Trade information agencies like Trade Association, Chamber of Commerce etc. can furnish reliable information only in countries like Britain and U.S.A. In our country, they have no control over individual traders and hence cannot furnish valid information.



**Credit Enquiry Agencies:-**

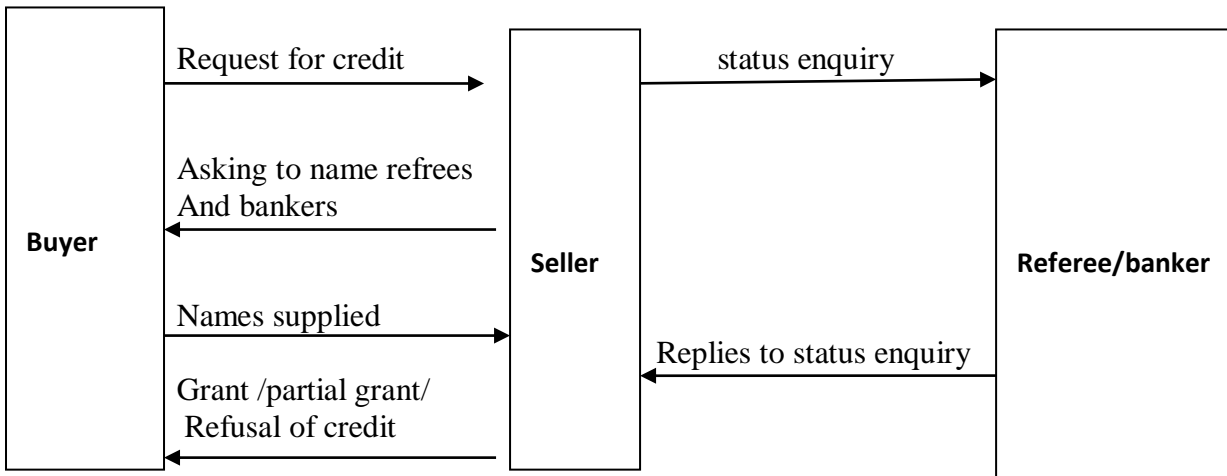
In many commercially advanced countries, there exist organizations called Credit Enquiry Agencies or Status Enquiry Agencies. They make it their business to collect information as to the financial position of mercantile firms. For a fixed charge for each enquiry, information can be obtained from them about the standing and credit - worthiness of the firm with whom the enquirer wants 'to establish business relations. Such agencies are able to get authentic information about the thousands of firms operating in a country by appointing agents all over the country and by giving each agent an area small enough to cover efficiently.

**EXPLAIN THE STAGES IN CREDIT ENQUIRY.**

**STAGES IN CREDIT ENQUIRY:-**

From the time the buyer makes a request for credit till the grant/refusal of credit, following are the situations for writing letters:-

- ❖ Buyer asking for credit from the seller.
- ❖ Seller asking for references-existing suppliers, banks, etc.-who may report on the buyer's creditworthiness. Trade organizations, merchant's chamber and agencies specializing in credit information may also be consulted.
- ❖ Writing to references or bankers to know the buyer's status. A business house may seek the information through its own banker, and such information is freely exchanged between banks. However, a bank does not respond to a status query from a non-client.
- ❖ Response to a status enquiry. The respondent may give a favorable report, unfavorable report or a neutral report.
- ❖ Grant/partial grant/refusal of credit by the seller (issue of a credit letter)



**MENTION THE HINTS FOR DRAFTING STATUS ENQUIRY LETTER.**

Guidelines to be followed in a status enquiry letters the information provided by you will be treated as confidential matter.

- (1) A status enquiry letter should give the precise objective purpose of writing such a letter.
- (2) The letter should clearly give the name of the person / firm about which the enquiry is made.
- (3) The letter should employ a persuasive tone so that the receiver complies General Manager with the request.
- (4) The letter should give an assurance on maintaining confidentiality.

(5) If the information sought is large, the letter can contain a question format

## COLLECTION LETTER

### WHAT IS COLLECTION LETTER?

A collection letter is also called a Dun. A Dun is a special notice sent to draw the immediate and special attention of the debtor. The word "Dun" is derived from the Middle English word "Dunnen", which means to make a loud noise, i.e., each successive collection letter has great force and pressure than the previous one. A dun means an important (persistent) creditor or bill collector. To dun means to import for payment of debt. Therefore, Dunning letters or Collection letters refer to a series of letters written again and again for the settlement of account

### WHAT ARE THE GUIDING PRINCIPLES FOR COLLECTION LETTER?

#### GUIDING PRINCIPLES FOR COLLECTION LETTER:

- The purpose of collection is to collect the amount when they are due. No firm can afford to allow its customers to take *undue* liberty with the credit facilities given to them.
- At the same time, undue pressure shall irritate the customers and even lead to a loss of valuable customers.
- It is therefore, a delicate task and similar to the task of walking on a wire or a rope where the walker should maintain a balance. While collecting the due also the businessman should strike a balance between leniency and firmness. But no hard and fast rules can be laid down for formulating collection policies.
- The collection procedure tends to vary with individual circumstance, nature of the customers, their past records, the possible difficulties they are facing. The collection policy, in spite of the minor variations required, should be governed by two cardinal principles. They are:
  - ✓ Collect the amount but keep the customer.
  - ✓ Keep the collection costs to the minimum.

### LIST OUT THE VARIOUS STAGES IN COLLECTION LETTER.

The stages in the collection process are well established. The collection letters are usually written in a series. In each successive letter, the tone becomes stronger and sent out at intervals varying with the type of credit risk and the amount involved. Even for a fourth grade customer who is fraudulent, all the successive stages should be passed. The following are the routine stages in the collection process.

#### 1. Sending statement of account:-

The actual collection correspondence starts from the stage of sending reminders, because sending a statement of account is the duty of the creditor. A statement of account is the duty of the creditor. A statement of account is a copy of the customer's account in the seller's ledger showing the balance to be paid as on a particular date. It serves as a simple reminder to the debtor that he owes a particular amount on the date of the statement or letter. It does not make any request for payment. If the first letter remains un-replied, a reminder is sent pointing out the possibility of an oversight or loss of the document. A duplicate statement of account accompanies the second letter. Two letters are mere statements.

#### 2. Sending Reminders:-

If the first two letters remain unanswered, a third reminder becomes necessary. In this letter, the creditor asks for payment of the amount politely, but not firmly. There is nothing to be gained at this stage by firmness. The debtor's failure to pay may be either deliberate or accidental. If deliberate,

firm action can be taken later. If accidental, firm action would humiliate the customer, and thus reduce the creditor's chance of obtaining further business.

### **3. Stronger Reminders:-**

Even if the third letter fails to bring the desired response, a stronger reminder is needed. In this letter, the debtor should be asked to pay the amount by a particular date. This letter is also called limiting date reminder. However in this letter also, do not express any doubt about the customer's intention or capacity or do not use any threatening words.

### **4. Inquiry and Discussion:-**

If the reminders do not bring any response from the defaulting customer, the creditor has to take up a different course to get things done. It is yet too early to give up the hope of collecting the amount due. But it is really desirable for the creditor to know the legitimate reason for the delay. Therefore, he should write to the debtor asking him why the payment is withheld. The debtor may have various difficulties - from his customers both personal and business like slow collection, slack of business weak financial position etc. In any case, efforts should be made to get a reply from him or the debtor may be invited to his place for discussion in an attempt to solve the problem. If he replies, he may be offered necessary assistance to overcome his difficulties and payment in part or whole or a definite agreement for payment may be received from him.

### **5. Appeal and Urgency:-**

Letter now depends upon the debtor's response to the previous letter.' If the customer is good unable to meet his commitment due to certain difficulties, he will certainly reply to the previous letter. Only reckless customers who fail to reply should be dealt with in this stage. His silent is a clear indication that the debtor wants to avoid payment and an urgent action is necessary to realize the dues. A strongly worded letter is to be sent at this stage. The theme of the letter should be an appeal to the debtor's sense of fairness and credit rating and how it will be affected by his attitude. This approach often proves effective and is called the Golden Rule Approach.

### **6. Demand and Warning:-**

The correspondence now reaches the final stage. Now it is more important to collect the money rather than to retain the customer. This letter should use fear as its motivating force. The letter should consist of a brief statement that unless payment is received by a certain date - usually within five or ten days, his case shall be passed on to his case shall be passed on to the lawyers. The tone of the letter should clearly indicate that the creditor intends to go through with the necessary action.

## **UNIT-III COMPLETED**

## **UNIT-IV BANK CORRESPONDENCE**

### **WHAT IS BANK CORRESPONDENCE?**

Banks as we all know are intimately connected with business and industry. They are, in a way, business houses, which supply, sell or rent finance for business; that is to say, they deal in credit. Originally, the functions of the bankers were very few. With the passage of time, bankers began to perform a number of functions which are novel in nature. Therefore, the bank is an indispensable institution in the modern society. Banks lend money to build houses, buy vehicles and household articles, to provide education, etc., They issue debit card, credit card, provide locker facilities, accept deposits, have provision for money changing deal in stocks and shares. All these services involve a lot of correspondence

### **WHAT ARE THE ESSENTIAL FEATURES OF A BANK CORRESPONDENCE? OR**

## WHAT ARE THE ELEMENTS OF A BANK CORRESPONDENCE?

**Essential features of a good banking correspondence:-**Bank correspondence does not have any extraordinary features. In fact, they should have correctness as their main feature. Such letter should give complete information. The essential elements of good banking correspondences are clarity, completeness, secrecy, Style, tact and courtesy

- ✚ **Clarity:** -A letter written to a bank or written by a banker to his customer should have clarity as its main feature. What is required should be stated without being vague. All information should be given without any scope for confusion.
- ✚ **Completeness:** -A letter written to a bank or written by a banker should provide the name, address and other relevant details completely. No information should be withheld on assumptions. Unless the letter is complete in all details, no financial transactions can take place successfully
- ✚ **Secrecy:-**Bankers deal only with money matters and secrecy in money matters is the first thing that a client expects from his bankers Except in cases of enquiry from fellow bankers, a client's account and its details are treated as absolutely secret and are never revealed to any other person. Absolute secrecy about the state of a customer's account is the basic guarantee in bank dealings. Even when an enquiry is made by another bank, the reply should be very brief and to the point. The customer's credit should not be injured in any way.
- ✚ **Style (Brevity and Conciseness):-**Good Style in bank letters is brevity and conciseness because the customers are businessmen and they have no time to waste on superfluous reading. The banker should not be too impersonal or formal in his letters.
- ✚ **Tact and Courtesy:-**Tact and courtesy are of paramount importance in banking letters. It is very easy to level allegations against a customer and thereby to lose his account. Courtesy is particularly very important while writing about overdrawn accounts and while asking for additional security. Similarly when a request for overdraft is to be refused, the language should be diplomatic so that the customer takes no offence.

## WHAT ARE THE FUNCTIONS OF A MODERN BANKER?

**Functions of a modern banker:-** A modern banker has to perform several functions, they are as follows:

- To receive deposits and grant loans and advances.
- To discount bills of exchange.
- To provide safe deposit vault facilities for their customers.
- To pursue references regarding the financial standing of others.
- To issue letter of credit, bank drafts, traveler's cheques etc.
- To act as agents to buy shares and stocks for the customers.

## WHAT ARE THE DIFFERENT TYPES OF BANKING CORRESPONDENCES?

**Types of banking correspondence:** - Banking correspondence can be broadly classified as follows:

- ✚ **Form letters:** -Bankers usually use a number of form letters with a set text of the matter. They have a fixed phraseology meant to be used on different occasions in the course of business operations of the bank. They are printed with some blanks left, to be filled in by the customers or by bank officials at the time of transacting any deal. For example, account opening forms, loan applications, credit reports etc. are all standardized in their contents they are generally prepared by legal experts and are suitably designed in physical appearance, tone and appropriateness of the message to be conveyed. These letters reduce the cost of correspondence by economizing on time for dictation, transcription and handling. However, they are used only when the intimation or communication is of a routine nature and when no special or persuasive emphasis is necessary.
- ✚ **Individual Letters:-**Individual letter, in this context, refers to each letter which is individually written in each case depending on the subject concerned and sent to others. Therefore, they are not standardized letters like form letters. Individual letters can be again classified into three kinds namely
  - ✓ Letters between the bankers and their clients.
  - ✓ Letters from one bank to another.
  - ✓ Letters between the head office and the branch office.

### **WHAT ARE THE DIFFERENT TYPES LETTERS BETWEEN BANKER AND CUSTOMER?**

- **Letters between the Banker and the Customers:-**This comprise of Letters from the banker to the customer, and Letters from the customer to the banker.
- **Letters from Banker to Customers:-** The most important and crucial part of banker's correspondence consists in communication with the customers. They include answering inquiries by customers, complying with the standing instructions of the customers, handling complaints of the customers regarding dishonor of their cheques, wrong statement of accounts, debits of bank charges etc. Besides answering requests for overdrafts, bank loans etc., there are also other occasions when correspondence is conducted with the customers.
- **Letters from the Customers to the Banker:-**These mainly consist of requests for opening accounts, enquiries about the interest rates, status enquiries, application for loans and overdrafts, standing instructions regarding making payments etc.

### **WHAT ARE THE DIFFERENT TYPES OF LETTER BETWEEN ONE BANK TO ANOTHER BANK?**

**Letters between One Banker to another:** -These relate to status enquiries, negotiations of bill exchange, clearance of cheques etc. Here technical terms normally used in the banking business can be freely used but should not be used in letters to the customers

### **WHAT ARE THE DIFFERENT TYPES OF LETTER BETWEEN HEAD OFFICE AND BRANCH OFFICE?**

- **Letters between Head office and Branch offices:** - These consist of Letters from Head office to the, branch office, and letters from branch office to the head office.
- **Letters from Branch Office to the Head Office:-**These letters from the Head office to the Branch, which deal with matters of administration, and convey the decisions and policy of the head office to its net work of branches. The Head Office should serve as a model for the branches to follow both as regards to its mode of administration and its methods of correspondence. Therefore, the letters from the Head Office to the Branch should serve as a model in all those qualities such as accuracy, clearness, courtesy etc. They should be drafted carefully and precisely.
- **Letters from the Branch Office to the Head Office:-**Letter from branches to the head office generally consist of:
  - ❖ Various monthly, quarterly, half-yearly or annual reports submitted by the branch manager these are only factual reports and generally form letters.
  - ❖ Reports from branch managers giving suggestions for further development of business in the branch.
  - ❖ Letters recommending appointment of staff, promotion and transfer.
  - ❖ Letters containing the date of advances granted to the customers.
  - ❖ Letters which explain some unconventional decisions.

## **INSURANCE CORRESPONDENCE**

### **WHAT IS INSURANCE CORRESPONDENCE?**

#### **Insurance correspondence**

Exchange of letters occurs frequently between the policyholders and the L.I.C. The L.I.C. has standardized most of its correspondence because most of them are of a similar nature. However, the letters from the policyholders may vary.

Insurance is a contract between two parties by which one of them, called the insurer agrees to indemnify the other, called the insured or assured against a loss which may be caused by the happening of a certain event. The contract is embodied in a document known as the policy. The insurer undertakes to indemnify the insured for a consideration in the form of money called the premium. The contingency insured against is called the "risk".

## WHAT ARE THE DIFFERENT TYPES OF INSURANCE?

**Types of insurance:-** The usual classification of insurance contract is based on the subject matter, or the risk, which are covered. The chief forms of insurance are life, fire, and Marine. In recent times, several other types of insurance such as Accident insurance, Workmen's Compensation Insurance etc. have come into existence.

## WHAT ARE THE FEATURES OF INSURANCE?

The following are the main characteristics which are generally observed in case of life, marine, fire and general insurance.

- ❖ It provides protection and share the risk
- ❖ It is a collective and team work
- ❖ It evaluates risk
- ❖ It provides payment at contingency
- ❖ It involves certain sum of payment
- ❖ Insurance spreads loss to a large number of insured persons
- ❖ Insurance is not a charity
- ❖ Insurance is not a gambling
- ❖ Insurance is based upon certain principles
- ❖ Insurance is regulated by law

## WHAT ARE THE BASIC PRINCIPLES OF INSURANCE?

**Basic principles of insurance:** - Insurance is a civilized man's way of protecting himself against the accidents of life. Though it is a contract by nature, it is not similar to a contract of sale. It cannot be used as a mean for making profit; therefore, a contract of insurance is governed by three basic principles. They are 1. Utmost good faith, 2. Indemnity, and 3. Insurable interest.

- **Utmost Good Faith:** Insurance is a contract based on utmost good faith. It is a contract of *Uberrima fide*. It implies that the parties should exchange information accurately on all aspects relating to the risks to be covered. Failure to disclose any material fact shall render the contract null and void. Therefore, if it is found that any information is deliberately suppressed or purposely manipulated then the protection of insurance will not be available to the insured.
- **Indemnity:** Indemnity means security against damage or loss. In a contract of insurance (other than life assurance), the insurer undertakes to indemnify or compensate the insured for losses occurring due to the risk covered. The occurrence of the event is also contingent. If the risk doesn't occur, the insurer need not pay anything to the insured. The principle of indemnity is applicable to fire and marine insurance contracts and not to life insurance. Under life assurance, the entire amount of the policy is repayable to the assured on the maturity of the policy or his nominees or assignor in case of his earlier death.
- **Insurable Interest:** It is also necessary that the insured must have an insurable interest in the subject matter of the insurance. Without such interest, the contract is null and void. Insurable interest means monetary interest in the subject matter of the insurance. For example, in respect of goods or property, insurable interest means that the insured must be put to loss if the goods' are lost in transit or destroyed by fire etc. Similarly in case of life insurance, the individual has unlimited financial interest in his own life. Husband and wife have insurable interest in each other's life. A partner has an insurable interest on the life of other fellow partners.

## EXPLAIN ABOUT LIFE INSURANCE AND ITS POLICIES.

**LIFE INSURANCE:** - Life insurance is more appropriately called as life assurance. It is a contract whereby the insurer, in consideration of a periodical payment known as premium, undertakes to pay the insured a

certain amount of money to him on his reaching a certain age or his assignees or nominees in the event of his death whichever is earlier. The life insurance is different from other kinds of insurance like fire and marine insurance. In those cases, a single premium is paid, whereas in life insurance the premium is paid periodically. The premium paid under general insurance is not returnable to the insured after the expiry of the period. On the other hand, the whole of the premiums should be returned in case of life insurance either on the maturity of the policy or on the death of the insured whichever is earlier.

### **KINDS OF LIFE POLICIES**

There are several types of life insurance policies and of them; the following are the most popular.

1. Endowment policy,
2. Whole time life policy,
3. Joint life policy.

**1. Endowment Policy:** Under this type of policy, the sum assured is to be paid to the assured on his reaching a specified age or if he dies earlier, the amount is to be paid to his heirs or his nominee. The premiums on such policies are to be paid until the assured reaches the specified age or until his death if it occurs earlier. The rate of premium on this policy is however, higher than whole time policies. In spite of this demerit, this type of policy is more popular because it is a combination of the elements, of saving, investment and risk bearing.

**2. Whole Life Policy:** Under this policy, the insured sum becomes due for payment to the beneficiary only after the death of the assured. The premiums on such a policy may be spread over one's whole life or they may be made payable for a fixed number of years. In both the cases, the policy does not mature until the death of the assured. Therefore, the benefit of the policy is available only to the nominee or legal heirs of the assured after his death, whereas under endowment policy the assured himself may get the amount if he reaches the specified age.

**3. Joint Life Policy:** A policy covering more than one life is called Joint Life Assurance Policy. The assured amount becomes payable on the death of any of the insured under the policy. It is payable to the survivors. A joint life policy is usually taken on the lives of husband and wife. The partners of a firm may also take out a joint life policy on their lives. The surviving partners usually receive the assured sum and they can use it to pay off the share of the deceased partners in the capital of the partnership firm without affecting the financial position of the firm.

### **GIVE THE PROCEDURE TO TAKE OUT A LIFE POLICY**

**Procedure to take out a life policy to take out a life policy:-** the following procedure should be followed.

- The person intending to get his life assured should get a proposal from the Corporation or its agent on request and submit the form to the corporation after duly filled in.
- The important question in a proposal form is the age. The person intending to get his life assured should submit evidence in support of his age.
- After receiving the proposal form dully filled in, the Corporation will arrange for medical check up by a doctor approved by it.
- After studying all the papers and the medical certificate, the Corporation will decide whether or not to accept the proposal.
- If the proposal is accepted, the Corporation will inform the person i.e., the assured to pay the first premium.
- After the first premium is paid, the Corporation will proceed to issue the policy. The assurance, however, commences with the acceptance of the first premium itself by the Corporation.

### **EXPLAIN ABOUT FIRE INSURANCE AND ITS POLICIES.**

**Fire insurance:-** fire insurance is a contract, under which the insurer , in return for the premium paid by the insured undertakes to make good the loss suffered by the insured due to fire or lightening during a specific period and up to the amount specified in the contract. It may be paid in the form of cash or

replacement, or repair of the property damaged by fire. Indemnity is the main mark of this insurance. The contract is embodied in a document called the “policy of insurance”

Kinds of fire policies:- there are four kinds of fire policies they are

- ✚ Specific
- ✚ Average
- ✚ Floating
- ✚ Valued

**Specific policy:** - under this policy the insurance company undertakes to pay or indemnify the insured any loss or damage caused by fire to his property up to an amount insured under this policy. The value of the property is not the criterion to ascertain the extent to indemnify. Therefore the property may be even under insured. The loss actually suffered or the amount insured under the policy, whichever is less payable to the insured.

**Average policy:** - a fire policy in which the average clause is incorporated is called average policy. In an average policy, the property should be insured to its full value. Under insurance shall a land the insured into trouble. According to the average clause, the amount payable under the policy will be determined on the basis of the ratio between the sum assured and the value of the property concerned.

**Floating policy:** - a floating policy is taken to cover the goods belonging to the same person but stored at different places and in varied lots. Traders generally take out this type of policy to cover risks in respect of goods lying in various places, docks, warehouses, etc. This policy always contains the average clauses.

**Valued policy:-** under this policy the insurance company undertakes to pay the insured the agreed value for his goods in the event of their total loss.

## EXPLAIN ABOUT MARINE INSURANCE AND GIVE ITS POLICES.

**Marine insurance:-** marine insurance is contract where by the insurer or the underwriter agrees to compensate the owner of the ship or cargo for a partial or total loss due to destruction at sea. It is a contract of indemnity provides protection to ship or cargo against risks incidental to marine voyage. The risks against which insurance is made are called” perils of the sea” such as storm, collisions of ships, accidents, damage of cargo due to sea water, sinking of ship, etc. Marine insurance contracts, however, now a day, cover perils of both land and sea, conveyances from the warehouse at the point of origin to the warehouse at the point of destination. The contract of insurance embodied in the document is known as marine insurance policy.

### Kinds of marine polices;-

**Voyage policy:** - under this policy, the property is insured for a particular voyage however long or short be its duration. This policy is issued for a fixed period. Generally, cargos which are exposed to the perils of the sea during transit are insured under this policy.

**Time policy:-** under this policy, the property is insured for specified periods of time say three months or six months. The period generally does not exceed 12 months. If the goods do not reach the destination within the period, the policy is to be renewed. Policies of this kind are generally taken for the insurance of the ships by the ship owners

**Mixed policy:** - a mixed policy covers the clauses of both time and voyage policies. It is issued on the understanding that the goods will be transported only from a certain place to another fixed place and the



voyage will be completed within a period specified in the policy. Thus it is a combination of both time and voyage policies. Mixed policies are generally issued to ships operating on specified routes.

**Floating policies:**-it is a policy where coverage is wide enough comprising shipments at different intervals. There is only one policy issued for one year and it covers goods to send in installments by different ships at different times. Whenever the goods are dispatched, the insured has to declare the full value in a prescribed form describing the ship, and the voyage of the goods transported by him. The declaration should be made on the specified form issued by the insurance company. Every declaration filed by the insured will lead to a deduction in the value of the policy. When the total amount of declaration becomes equal to the face value of the policy, a new policy should be taken out. The premium is generally collected in advance for the full amount. This policy is more suitable to regular exporters.

**Valued policy:** - this states the value of the goods, which is agreed by the insured and the insurer. This value need not necessarily be the actual value of the goods insured. Therefore, there is no argument about what was the actual worth of the lost goods.

**Unvalued policy:** - it is issued without determining the value of the goods insured. Wherever a loss occurs, the value of the goods is assessed by the insurance company with the help of experts.

**Open policy:** - this is a kind of policy undertaking to insure a certain class or classes of goods to be shipped to specified destinations during a period of time, usually twelve months. It is similar to a floating policy but it shall not get exhausted as and when the declarations are made. A separate certificate is issued in respect of each shipment and premium is collected against each certificate.

#### **GIVE THE FREQUENT LETTERS DRAFTED IN FIRE INSURANCE.**

Letters in fire insurance:- the correspondence in respect of fire insurance usually consists of the following letters relating to :-

- ✓ A request for the insurance of a proposal submitted
- ✓ Letter from the insurance company enclosing a covering note
- ✓ Notice intimating changes in the address and reply.
- ✓ Notice of damage by fire.
- ✓ Settlement of claim
- ✓ Letters admitting or refusing the claim.

#### **WHAT IS AGENCY CORRESPONDENCE?**

A great volume of world's trade both external and internal is conducted on the system of agency. Particularly, business abroad would be difficult if the agency system has not been devised. Even big manufacturers, though want to dispose of their product in fairly large quantities in far distant markets, do not prefer to open a branch there. This is because; they are often luxurious and have a tendency to eat deeply into the revenues. Therefore, in most of the countries the agency system is adopted. It should also be noted that it is not only manufacturers who avail themselves of these facilities. An agent is one who is appointed to act for another. The person who appoints the agent is known as the principal. In the selection of an agent care must be taken. Similarly, an agent shall only want to represent a reputed and reliable principal. The person seeking the agency can apply to the principal or the principal himself can offer agency to other persons.

#### **EXPLAIN ABOUT THE DIFFERENT KINDS OF AGENTS.**

##### **KINDS OF AGENTS**

**1. Commission Agent:** A commission agent is a person employed by a principal either to buy or sell goods on his behalf. He receives commission at a specified rate. The principal meets all the expenses connected with the purchase or sale of the goods.

2. **Del credere Agent:-**His function is similar to that of a commission agent, but in addition, he undertakes an additional liability of guaranteeing payment to the principal when he sells the goods on credit. The principal therefore, need not worry about bad debts. For this additional service, he is entitled to an additional commission known as “**Del credere Commission**”.

3. **Factor:-**He is a general mercantile agent who had possession of the goods and sells them in his own name without disclosing the name of the principal to the third party. He receives payment from the buyer and issue receipts in his own name. In case of default, he can sue or be sued.

4. **Broker:-**He is a special mercantile agent. His duty is to bring the intending buyer and the intending seller together. Thus, he acts only as an intermediary between the two. He is not given the actual physical possession of goods. He is not personally liable and hence cannot be sued by third parties.

5. **Auctioneer:-**He is a person employed by a principal to sell his goods or property publicly i.e., by asking the public to bid for it. For his services, he gets a commission.

6. **Clearing and Forwarding Agent:-** A clearing agent is one who clears the goods for the importer. The clearing agent assists the importer for a commission. A forwarding agent, on the other hand, forwards goods to foreign countries for the exporter. These agents are also employed in internal trade.

7. **Underwriter:-** An underwriter is generally appointed for underwriting an issue of shares and debentures. The underwriter undertakes that he would subscribe to the shares or debentures to the extent underwritten by him, if the public do not subscribe for them. His commission is called underwriting commission.

8. **Warehouse Keeper:-** A warehouse keeper helps trade and commerce by storing goods in his god own or warehouse. His function is to take care of the goods kept in his warehouse. He issues receipt known as warehouse keeper’s receipt for the goods stored. He may even undertake to sell the goods on behalf of his clients.

## **WHAT ARE THE STAGES IN AGENCY CORRESPONDENCE?**

**Stages of agency correspondence: -**

- ✓ Offer of agency by the principal
- ✓ Agent’s reply
- ✓ Application for agency by a prospective agent
- ✓ The manufacturer’s reply to this application
- ✓ Announcement by the agent regarding obtaining agency
- ✓ Cancellation of agency

**The manufacturer offers an agency:-**

- Refer to the potential market for your goods
- Explain the merits of your goods- brand name, quality, variety, reasonable price, popularity of the goods elsewhere, etc.
- Persuade the addressee to handle your products.
- Mention the remuneration and other terms of agency –stocking, payment of advance, method of sale to be followed by the agent, remittance, additional commission, area of operation, etc

**Agent’s reply:-**

- Thank the correspondent for the offer of agency.
- Explain the market conditions- either favourable for the products in question or unfavorable, as the case may be.
- If you accept the offer, communicate your decision and if you have any suggestions regarding the terms of offer, put them down clearly
- If you cannot accept the offer, say so in a courteous manner and in all cases with reason.
- If the offer is accepted, assure the correspondent your full co-operation in a mutually rewarding relationship.

**Application for an agency or obtaining an agency:-**The opening paragraph depends on how the applicant has taken up to write to the manufacturer for agency:

**(a) Application with reference to an advertisement of the manufacturer.**

- Make a reference to the advertisement of the manufacturer
- Offer your services and express your willingness to work as an agent.

**(b) Application based on information from others:-**

- State the source from where information has been received about the manufacturer's desire to have agents in your market.
- Offer your services and willingness to work as an agent.

**(c) Application on your own initiative**

- Introduce yourself as an agent
- Express your desire to take up to the promotion of the sale of his products as an agent.
  - In the next paragraph you have to furnish your particular
- How long you have been in the field, the goodwill you have created
- Your business contacts
- Your knowledge of the market conditions, the buyers, the competition, etc.,
- Your arrangements for storage, distribution, advertisement, display, show-rooms and window dressings, etc.,
  - Next you have to mention the terms of agency acceptable to you or alternatively, you can write to the manufacturer to specify their terms of agency.
  - It would be of assistance to the manufacturer if you mention a couple of trade references and your banker. The manufacturer can refer your case to them before taking his decision on the granting of agency.
  - Conclude your letter with the hope of getting a favourable reply from the manufacturer.

**Reply from the manufacturer:-**

- Acknowledge with thanks, the correspondent's letter.
- Appreciate his interest in your products and also business standing.
- If the agency is granted, mention the terms of agency, either in the form of accepting the terms offered by the applicant (with changes if necessary)
- If the agency is granted, mention the terms of agency, either in the form of accepting the terms offered by the applicant (with changes, if necessary) or by giving your own terms.

**A letter announcing the cancellation of an agency:-**

- Regretting the need for cancellation, mention the name of the agent whose agency has been terminated.
- Request the correspondent not to deal with the agent in any manner in regard to business with you.
- Caution him of non-responsibility on your part if the correspondent deals with the agent for business with your firm.
- Express your concern for the inconvenience caused to the customers.

## **COMPANY CORRESPONDENCE**

**Introduction:-**

At present, the job scenario has undergone a great change. Lifelong job security is not available any longer. Secure jobs are fewer and fewer. Reengineering of corporations and restructuring of entire companies have led to a situation where people have to be constantly scouting for better jobs and career advancement by shifting from one firm to another. The need for self assessment and evaluation is very high today. A person seeking a job or seeking a change has to focus on himself/herself.

### **WHAT ARE THE IMPORTANT ASPECTS OF A JOB APPLICATION?**

**Important aspects of a Job Application:-**

A job application should have certain sections, each covering a certain aspect.

**The opening section**

This is the section in which the applicant gives his name and address as the heading of any letter. The address should include E-mail, fax and telephone numbers, if available. In the opening section, the applicant should make a statement of his objective or career goal it should be stated in a single and arresting sentence. It can detail the general or specific objective or goal.

### **The second section**

The next section should give your profile viz-a-viz your qualification, and educational accomplishments. While giving qualification, give names of institutions attended and degrees/diplomas obtained. Mention any relevant outstanding achievements as well. Decide whether you should include grades obtained or not. If it is very low, it would be better to omit the details.

### **The third section**

The third section is devoted to experience. Your experience relevant to the job you are seeking will provide the employer a tool to assess your suitability to the job. Put down the names of the organizations, positions occupied and the actual work you did there. Do not be vague but be specific. Say what you achieved there for the organization. Do not be very humble when you project your work experience. Do not also exaggerate and brag.

### **The fourth section**

The fourth and last section of the resume is optional. If it is included, give personal data here. Personal data relates to health, habits, physical skills, service to and membership of voluntary organizations and even marital status.

## **WHAT ARE THE DO'S AND DONT'S FOR A JOB APPLICATION?**

### **Remember the following while drafting a job Application:**

Do's and Dont's for a job application:

1. Do not write in pencil.
2. Do not write on wrinkled, ruled, odd shaped and odd colored stationery.
3. Do not use perfumed stationery.
4. Do not be general, vague and dull.
5. Watch your spelling and punctuation.
6. Do not misspell the name of the company or the prospective employer.
7. Neat type-written application should be preferred.
8. Do not ask for a job because you need it. Do not try to elicit sympathy.
9. Do not include irrelevant experiences, however interesting they are.
10. Do not compromise on self-esteem.
11. Do not use unfamiliar vague expressions.
12. Choose concrete expressions.
13. Limit your resume / application to one page.
14. Give an account of your previous experience / beginning with an active verb.

Conventional job applications are not much in vogue now. Applications are sent as a CV in a printed form. Large organizations like the government, Banks, Railways and Insurance issue their own application forms. These forms have columns and boxes for the candidate to fill up. But small organizations which do have a set procedure in recruitment and selection have to be approached only with a conventional application form in a letter.

Conventional applications should have the following information.

- (1) Name and address of the applicant
- (2) Date
- (3) Name and address of the prospective employer
- (4) Body of the letter featuring the following:

- (a) The source of information about the vacancy

- (b) The qualification and the experience of the candidate.
- (c) Personal details like age.
- (d) Assurance to full fill job obligations.
- (e) Courteous closure.

## UNIT-IV COMPLETED

### UNIT-V

#### COMPANY CORRESPONDENCE

##### **Introduction:-**

The company secretary belongs to a different class by himself. The largest and the most important group of secretaries in the business won comprise of secretaries appointed by joint stock companies. With the growth and expansion of corporate sector, there has been growing appreciation of the secretary in the company administration. He, in fact occupies a unique position in the company hierarchy. A company secretary has to correspond with the public, shareholders directors, registrar of companies and also the SEBI (**Securities Exchange Board of India**) and company Law board. He has to conform to statutes and contracts .the secretary should be impartial in his communications. He should be unoffending and polite.

##### **GIVE THE CLASSIFIATION OF COMPANY CORRESPONDENCE?**

The classification of company correspondence is given as follows:

- Correspondence with the directors.
- Correspondence with the shareholders.
- Correspondence with the registrars and company law board.
- Correspondence with the office staff.

##### **CORRESPONDENCE WITH THE DIRECTORS: -**

The secretary, being the servant of the board, should contact the directors frequently. As he meets the directors personally during the board meetings, he is not required to carry on much correspondence with them. However the secretary will have to correspond with the directors when:

- ◆ The notice of the board of meeting is to be sent.
- ◆ Particular information is to be conveyed under the instructions of the chairman or in response to an enquiry from a director.
- ◆ A director, who is absent from a board of meeting, asks for a report of its proceedings.
- ◆ A director proposes in writing that a particular matter should be included in the agenda and the chairman asks the secretary to write a letter to the director persuading him not to insist to include such matter in the agenda.
- ◆ A director proposes some cause of action, which is not in the interest of the company, or which is illegal and the chairman asks the secretary to point out this to the director.

The last two occasions are really embarrassing and so the secretary should be very tactful in drafting this letter.

##### **PRECAUTIONS TO BE TAKEN BY THE SECRETARY:**

The secretary in all his letters to the directors should be very careful and observe the following precautions.

- ⊗ Maintain a polite and un partial attitude so as to influence the director to take the right line.
- ⊗ Word them very carefully and tactfully without forgetting that he is their subordinates.
- ⊗ Avoid giving any offence to the directors.

##### **CORRESPONDENCE WITH SHAREHOLDERS:**

The secretary, although, basically a servant of the board of directors, he is also in sense servant to the shareholders who are the real owners of the company. Therefore, he owes the highest courtesy and consideration to them. At the same time, he can conduct his correspondence with them with authority. Because secretary has to answer many secret or unwanted request made by shareholders, his reply should not only be polite and courteous but also be firm. The correspondence of the secretary with the shareholders usually relates to the following matters.

- ✿ Complaints relating to low or unsatisfactory dividend.
- ✿ Late or non-issue of notices relating to the meetings, issue of a fresh share certificate, lodgment of transfer deeds, transfer and transmission.
- ✿ Notice and circulars relating to the change of address of the company or schemes of reconstruction, reorganization, etc. or any other change in the structure of the company.
- ✿ Request for inspection of books and registers, etc.
- ✿ Letter in response to complaints and special requests made in writing by the share holders.

#### **PRECAUTIONS TO BE TAKEN BY THE SECRETARY:-**

Since the secretary speaks for the company, he must take special care to see that his letters to create a good image for the company. He should not do anything that could lower the company's reputation therefore the following precautions are necessary.

- ✿ For an unwarranted request the reply should be firm but polite.
- ✿ If advance information is sought which is strictly confidential and cannot be revealed, the secretary should not disclose such information in the interests of the company.
- ✿ In case of any refusal, the tone should not be blunt but should be polite and firm.
- ✿ Lengthy and protracted arguments should be avoided.
- ✿ Legitimate and reasonable requests should be complied with immediately.

#### **CORRESPONDENCE WITH THE REGISTRAR AND COMPANY LAW BOARD:-**

Joint stock companies are they public or private are governed by the provisions of the companies act, 1956 and its subsequent amendments. The secretary, in his capacity as a responsible official of the company, has to see that each provision of the act is complied with in this connection; he has to observe certain formalities and to submit periodically statements, returns, etc. To the registrar of companies. He has also to carry on correspondence with the company law administration department of the government of India. The secretary's correspondence with the registrar and company law administration department of the government of India, being a routine nature, does not require any special consideration here.

#### **CORRESPONDENCE WITH THE OFFICE STAFF:-**

The correspondence of the secretary is also with the staff employed by the company. Here he is a business executive with a final and deciding voice. He must be able to take a firm and quick decision. His letters should carry a note of authority. At the same time, the secretary has to avoid unpleasant words and has to be very tactful in dealing with union members. So even when he is in firm, the qualities he needs are tactfulness and the ability to deal with human problems. The secretary deals only with the more important matters of administration. Therefore, he must use his words with care.

#### **WHAT ARE THE RESPONSIBILITIES OF A COMPANY SECRETARY?**

##### **THE RESPONSIBILITIES OF A COMPANY SECRETARY:-**

- The company secretary corresponds with the registrar of companies, other government agencies like the SEBI and merchant banks in the interests of the company and its share holders.
- He files all returns of the company and fulfills statutory obligations.
- He will associate himself in planning, expansions, raising capital, takeovers/mergers, issue of shares, etc.
- He has to prepare reports and send them to the appropriate recipients.

## AGENDA

### WHAT IS MEANT BY AGENDA?

The term Agenda means the “things to be done” or “business to be transacted at a meeting”. In order to transact the business of a meeting systematically and without omission of any important item it necessary to put down the items of business to be done on a paper called the “Agenda Paper” or Agenda. The Agenda should be circulated amongst the members along with the notice of the meeting. No business should be transacted at a meeting unless it is specified in the Agenda Paper.

### GIVE DIFFERENCE BETWEEN AGENDA AND MINUTES.

#### Distinction between Agenda and Minutes.

##### Agenda

1. By referring to the business vary briefly by writing just one line about each item. For example.
  - a) To read the minutes.
  - b) To pass the transfers.
  - c) To produce financial statement.
2. By giving more details about each item and even sometimes including suggested drafts of the resolutions for consideration of the meeting. For example.
  - a) To read and sign minutes of the meeting held on 25<sup>th</sup> march 2012.
  - b) To pass transfer of shares Nos 208 to 215.

The second method is found more suitable as it helps the secretary to write the minutes easily.

##### Minutes

- Minutes being an authenticated record of the meeting.
- The entering information correctly in the minute’s books.
- It is the duty of the company secretary to write the minutes of the meetings.
- The minutes though intended to serve as a permanent record available for future reference.
- The secretary while writing the writing the minutes should avoid all superfluous words.
- He further suggests that the secretary should commence writing of the minutes as soon after the meeting as possible.

### HOW TO PREPARE AGENDA FOR THE MEETING?

There are generally two ways in which the agenda for a meeting can be prepared.

- By referring to the business very briefly by writing just one line about each item. For example,
  - ❖ To read the minutes.
  - ❖ To pass the transfers.
  - ❖ To produce financial statement.
- By giving more details about each item and even sometimes including suggested drafts of the resolutions for consideration of the meeting. For example, To read and sign minutes of the meeting held on 25th Ma 2000.

Preparing agenda is a very useful practice

- If it is circulated in advance, it helps the members to come prepared for the meeting.
- Since agenda has a set order, it helps the chairperson to conduct the meeting smoothly

## MEETING

### WHAT IS THE PURPOSE FOR THE COMPANY TO CONDUCT MEETING?

A company, being an artificial person cannot act on its own. human agency is, therefore, essential to decide the course of action taken by the company and to conduct the business of the company administration is generally left to the Board of Director an individual nor a single director can decide the course of taken by the company and the Board of Directors as a decide the broad corporate policies. It is therefore, necessary Board of Directors, to meet from time to time to conduct the company. Similarly, the members, in whom the ultimate authority lies, should also meet from time to time to consider the past directors and the future plans. The Companies Act also provides that only the members acting in a General Meeting can decide certain matters. Therefore, it is needless to say that company meetings constitute an important part of the company administration. Moreover, it is also essential for a proper understanding of the company administration to know how the company meetings are summoned and conducted

## **EXPLAIN ABOUT THE DIFFERENT KINDS OF MEETING?**

### **KINDS OF COMPANY MEETINGS**

The meetings of a company can be broadly classified into four kinds.

- ✓ Meetings of the shareholders
- ✓ Meetings of the Board of Directors and their Committees.
- ✓ Meetings of the debenture holders.
- ✓ Meetings of the creditors

The meetings of the shareholders can be further classified into four kinds namely,

1. Statutory Meeting,
2. Annual General Meeting,
3. Extra Ordinary General Meeting, and
4. Class Meeting.

#### **Meetings of the Shareholder:-**

It is already stated that the meetings of the shareholders can be classified into four kinds.

##### **1. Statutory Meeting:**

This is the first meeting of the shareholders conducted after the commencement of the business of a public company. Sec. 165 of the Companies Act provides that every public company should hold a meeting of the shareholders within 6 months but not less than one month from the date of commencement of business of the company Usually, the statutory meeting is the first general meeting of the company It is conducted only once in the life time of the company. A private company or a public company having no share capital need not conduct a statutory meeting.

##### **2. Annual General Meeting:**

The Annual General Meeting is one of the most important meetings of a company. It is usually held once in a Year. This meeting is to be conducted by every company whether public or private, limited by shares or guarantee having or not having a share capital the name suggests the meeting is held annually to transact the business of the Company.

##### **3. Extra Ordinary General Meeting:**

Statutory meeting and annual general meetings are called ordinary meetings of a company All meetings other than these two are called Extra-ordinary general meeting (Article 47 of Table A, Schedule I). As the very name meetings are convened to deal with all the extra-ordinary matters which fall outside the usual business of the Annual General Meeting are generally called for transacting some urgent or Special business which cannot be postponed till the next Annual General Meeting Every business transacted at these meetings are called special business

##### **4. Class Meeting:**



Class meetings are those meetings, which are held by the shareholders of a particular class of shares e.g. preference shareholders or debenture holders. Class meetings are generally conducted when it is proposed to alter, vary or affect the rights of a particular class of shareholders. Thus, for effecting such changes it is necessary that a separate meeting of the holders of those shares is to be held and the matter is to be approved at the meeting by a special resolution.

**For example**, for cancelling the arrears of dividends on cumulative preference shares, it is necessary to call for a meeting of such shareholders and pass a resolution as required by Sec. 106 of the Act. In case of such a class meeting, the holders of other class of shares have no right to attend and vote.

### **Meetings of the Board of Directors**

Meetings of the directors are called Board meetings these are the most important, as well as, the most frequently held meetings of the company. It is only at these meeting that all important matters relating to the company and its policies are discussed and decided upon. Since the administration of the company lies in the hands of the Board of directors, they should meet frequently for the proper conduct of the business of the company. The Companies Act, therefore, gives wide discretion to the directors to frame the rules and regulations regarding the holding and conduct of Board meetings. The directors of most companies frame rules concerning how, where and when they shall meet and how their meetings would be regulated. These rules are commonly known as Standing Orders.

## **MINUTES**

### **DEFINE MINUTES**

The term minutes can be defined as the written record of the business done at a meeting. E.g. resolutions and decisions of the meeting. But speeches and arguments are not recorded in the minutes. Only resolutions and decision are recorded in the minutes. The objective of minutes is to keep a correct and authenticated record of the decisions of the meeting. Therefore full, true and correct information should be recorded in the minutes so that even an ordinary man can get a correct idea of the precise nature of the business transacted at the meeting.

### **WHAT ARE THE DIFFERENT TYPES OF MINUTES?**

#### **Minutes are of two types:**

- Minutes of resolutions.
- Minutes of narration.

#### **Minutes of resolution:-**

In this type of minutes, only the resolutions passed at a meeting are recorded and no reference is made to any discussion preceding the resolutions. No mention is made even of the movers and seconders of the resolution.

#### **Minutes of narration:-**

Minutes of narration are somewhat similar to a report. Here, in addition to the resolution passed. A brief account of the discussion and the voting pattern also included.

### **.WHAT ARE THE IMPORTANCE OR HINTS FOR WRITING MINUTES.**

Minutes being an authenticated record of the meetings, great care and caution are needed in entering the information correctly in the minutes books. It is the duty of the company secretary to write the minutes of

the meetings. The minutes though intended to serve as a permanent record available for future reference, they should not be too lengthy. The secretary while writing the minutes should avoid all superfluous words. The language should be simple and brief. He further suggests that the secretary should commence writing of the minutes as soon after the meeting as possible. If it is done so, he will be able to record the minutes without any omission because the proceeding will be still fresh in his mind and he will be remembering clearly the details of the discussions on the various matters considered at the meeting.

### **Some hints on the writing of minutes:-**

A few hints on the writing up of the minutes are given below:

#### **1. Heading of the Minutes:**

The minutes of each meeting should have a heading containing the nature of the meeting, date, time and Place of the meeting. The usual way of writing the heading will be like this.

“Minutes of the Sixth Annual General Meeting held on Wednesday, the 11th November 1999 at 3 P.M. at the Registered office of the Company, 182, Anna Salai, Chennai - 600 002”.

#### **2. Names of the Members Present:**

The minutes should contain the names of all those who are present in their capacity as members and so those who are present in some other capacity. It is usual to attach to the minutes a list of all the members and others present at the meeting.

#### **3. Sub-headings of the Business:**

To facilitate reference to a particular item in the minutes, it is advisable to write in the margin or at some other suitable place, a brief appropriate sub-heading or a margin note. Each heading should be numbered and underlined. It is also advisable to write the heading slightly bolder than ordinary handwriting in which the minutes are written.

#### **4. Dates and Figures:**

Dates and figures must be mentioned and not skipped over. For instance, if a reference is made in the minutes to letters and reports, their dates should always be mentioned.

#### **5. No Reference to Personal Feelings:**

It is advisable not to make any reference to the feelings of the individual directors or members.

#### **6. Brief and Short:**

It is not necessary to record word by word the discussions which led to the adoption of a certain resolution or the taking of a particular decision. It is sufficient if the resolution passed or decision taken is preceded by a short description. It is usual to mention the name of the proposer and seconded to the resolution.

#### **7. Special Resolution:**

If a resolution is required to be passed by a given majority as in the case of special resolutions, the minutes should state that the resolution was carried by the requisite majority and also the number of members who voted for and those against the resolution

#### **7. Tense and Voice:**

The minutes should always be written in simple past tense impersonal passive voice.  
E.g: It was decided to.....

#### **8. Rough Draft:**

Minutes once written cannot be materially altered. Hence, great care should be taken in preparing the minutes. Therefore, it seems to be advisable for the secretary to write a rough draft of the minutes before writing the minutes in fair in the minute's book. This will avoid the necessity of altering the minutes subsequently.

## REPORT WRITING

**INTRODUCTION:** - Reports have become a regular activity of the modern business world. Business Management, now a day, due to intense competition, complicating labor unrest, statutory enactment etc. has become more complex. Business Managers, at each stage requires the services of experts to assist them in the process of taking any decision or undertaking any action. Therefore, in each stage, facts and figures are to be connected to achieve the desired goals of the enterprise. The facts and figures are to be arranged in such a fashion as to convey the information needed and suggest the possible course of action to be taken. Such arrangements are known as reports. Any person who has to manage a business enterprise must necessarily know the technique of writing reports on wide spread range of investigation into the complexities of business. A report is an orderly statement of observed facts in a particular context. The term report is derived from the Latin word "**Reportare**", which means to carry back. A report, therefore, is a description of an event carried back to some one who was not present on the scene.

### DEFINE REPORT.

*"A report is a written presentation of facts and data necessary for an understanding of a given condition situation or a problem"* - **Parkburst**

*"Report is a communication from someone who has some information to someone who wants to use the information"* - **C.A. Brown**

### WHAT ARE THE CHARACTERISTICS OF A GOOD REPORT?

**CHARACTERISTICS OF A GOOD REPORT** A good report should have certain important characteristics. They are as follows:

- 1. Precision:** The report should be precise, clear and up to the point. This can be achieved by avoiding repetition, by adopting an easy and understandable style of presentation and by being exact rather than being rambling.
- 2. Accurate:** The facts reported must be accurate. Inaccurate facts may lead to faulty conclusions.
- 3. Relevance:** The matters specified must be relevant. That is, all irrelevant and unconcerned matters should be avoided and at the same time all relevant matters should be included without any omission.
- 4. Reader Orientation:** A good report is always reader oriented. Because the report meant for a technical expert will be different from another meant for a layman. Therefore, the report writer should always bear the person in mind to whom it is meant for.
- 5. Clarity:** Clarity should not be sacrificed for the sake of brevity. The report should be clear in all respects. Clarity depends upon the proper arrangement of facts and figures
- 6. Simple and Unambiguous Style:** The language used should be very simple. High sounding words and phrases should not be used because the report aims at conveying a picture of the situation as it exists.
- 7. Recommendations:** If recommendations are made, they should be impartial and objective. They should be based on the logical analysis of the facts and circumstances.

### GIVE THE IMPORTANCE OR OBJECTIVES OF REPORTS.

Thousands of reports are written every day not only in business but also in all fields, A large number of decisions in business, industry or government are taken on the basis of information presented or recommendations made in the reports. In the field of business, it is useful to all stages since the beginning of a business firm or an industrial enterprise. report helps the businessmen in the following ways

1. It helps an executive to perform his functions of planning evaluating men and resources efficiently.
2. It helps in improving the working and the performance of industrial unit through an analysis of its own process of production distribution etc. and comparison with similar other organization.
3. It helps in revealing the several gaps, identifying the deviation the correct line and deficiencies in strategies and tactics followed.
4. It helps in taking decisions regarding the taking up of new venture or entering into new lines of business etc.

The practical value of the reports now a day's made various sections of the society like scientists, businessmen, executives, public administration to realize the significance of reports. Progressive organizations are specially designing intensive programmer in report writing for the benefit of their employees.

## **EXPLAIN ABOUT THE VARIOUS CLASSIFICATION OF REPORTS**

A definite classification of reports is practically impossible. They can be classified into different ways on different basis. Some classify the reports from three different points of view

1. from the point of view of the legal formalities to be complied with (Formal reports and informal reports).
2. From the point of view of the number of persons drafting the report (Individual reports and committee reports).
3. from the point of view of nature of the report.
4. Based on periodical

### **I. Classification of the Basis of Legal Formalities**

The reports can be classified into two kinds.

1. Formal Report, and
2. Informal Report.

**Formal Report:** A formal report is one which is prepared in a prescribed form and presented according to an established process a prescribed authority. The formal reports can again be divided into two kinds Statutory Reports, and Non-statutory Reports.

- 1) **Statutory Reports:** A report prepared and presented According to the form and procedure laid down by law is called a statutory report it generally refers to a report submitted to the statutory report of the company. Here the term Statutory Report is to be used in a different sense It refers to all reports which are required to be submitted under law. For example, Auditors Reports, Directors Reports, Annual Returns etc. are all reports under statute.
- 2) **Non-statutory Reports:** Non-statutory reports are not prepared in a specified form and in a specified procedure. But the subordinates or experts prepare them when they are called for by the higher officials. They have no specified form or standardized procedure. For example, Report of the committee of the Directors, Report by the sales manager or departmental head or by the secretary or by a committee of experts appointed by the company, Government or by some other authority.

### **II. Classification on the Basis of the Persons Preparing**

Reports can again be classified into two types viz.:

1. Reports by Individuals, and
2. Reports by Committees.

1. **Reports by Individuals:** As the name suggests, the report submitted by individual officers are known as Report by Individuals. For example: Report of the Auditor or Secretary of a company or the head of the Department or the foreman of an industrial unit etc.

- 2. Reports by Committees:** In cases where reports are needed on subjects that do concern more than one department or the situation demands for the association of two or more persons, committees are constituted to draw the report. Such reports are known as committee reports. Committee reports are very popular in Parliamentary proceedings. For example: Report of the Public Accounts Committee or Estimates Committee. Director's report is also a committee report. These reports are drafted after much discussion amongst the committee members. They may be signed either by all the members or by the Chairman and the secretary.

### III. Classification on the Basis of the Nature of the Report

Reports may be further classified into four types:

1. Informational reports
2. Examination reports
3. Analytical reports
4. Statistical reports.

**1. Informational Reports:** An informational report contains only data collected or facts observed in an organized form. It presents the Situations as it is and not as it should be. It does not have any conclusion or recommendation. It is useful because it presents the relevant data put together in a form in which it is required by the management to take decisions. Thus, the main object of the report is only transmission of the information on the different facts of the organization of any enterprise. Informational reports can be further classified into two type Periodic report, and Progress report.

**1) Periodic Report:** Periodic reports are the records of activities of a company, association or a department during a given period. That is, they are prepared and presented at regular intervals in the usual routine of business. Such reports generally contain a statement of facts in detail or in a summarized form without any opinion or recommendation. They present a chronological record of events. Examples are: Annual Report of the Directors, Administrative reports of the Government departments, municipalities, universities etc.

**2) Progress Report:** Progress reports are prepared to describe the progress made during a given period. They present an account of the work already done, work in progress with other relevant facts and details of the work yet to be completed. They may be submitted at weekly, monthly or at any other regular intervals. A series of progress reports will provide a running account of the work related to a single project from its inception to its completion.

**Examples :** Reports to the construction of road, bridge, dam etc. Maps, charts, etc. are invariably used to substantiate the results reported

**2. Examination Reports:-**These reports are prepared after a thorough examination of a problem. In such reports, a situation or a problem will be studied and its implications are scrutinized from factual, technical and financial standpoint. The findings are then presented in the usual draft. Examination reports are also presented to study the cause- effect relationship regarding any problem. In such reports, the causes of such situations are specially investigated and then compiled in a formal report. These reports may or may not contain recommendations but in most cases they do not contain any specific recommendations. However, the reader is certainly guided by the suggestive results pointed out in the report after the scientific investigation.

**Outline of Examination Reports:** The following is the outline for such reports.

1. Purpose and scope of the report.
2. Methods followed in collecting the data such as survey, questionnaire, experiments, observation etc.
3. Analysis of the data so collected.
4. Findings.

**3. Analytical Reports:** Analytical reports are widely used in business houses as a guide post for policy formulation; They contain not only facts but also their evaluation and suggestions to solve the problem connected with the subject matter of the report Thus: in nature they are not very different from examination reports. Since these reports specific recommendations, they are also known as Recommendation Reports. These reports are argumentative and persuasive in tone.

**Outline of Analytical Report:** The following is the general outline of such reports.

1. Problems under the terms of reference.
2. Issues involved in tackling the problem.
3. Information or data collected on the issues identified.
4. Discussion of each issue from the point of suitability or feasibility.
5. Conclusions.
6. Recommendations for the line of action.

**4. Statistical Reports:-** As the name suggests, these reports are largely made up of financial data, Mathematical charts, tabular column of figures etc. Although statistical data may be introduced into other types to corroborate facts and facilitate recommendations, if a report is mainly based on such data, there should be some justification in describing it as a statistical report.

### **WHAT DO YOU MEAN BY ANNUAL REPORTS?**

Limited companies submit annual reports to the shareholders. These reports are on the company's performance, goals fixed successes, failings, Profit and - Loss, dividends and other details about the company. Voluntary organizations like registered associations also present their annual reports to the general body. They are usually informational in nature,

### **WHAT ARE THE REPORTS GIVEN BY INDIVIDUALS?**

**Report by individuals:-**The Chief Executives, Managers, Secretaries, Accountants, Auditors and Experts in certain fields are frequently called upon to report on certain important issues. Such reports can be classified as follows:

1. Analytical Report by Managerial Personnel etc.
2. Analytical Report by the Company Secretary.
3. Analytical Report by Expert.
4. Informational Report by Individuals.

**UNIT-V COMPLETED**

