

PONDICHERRY UNIVERSITY

(A Central University)

DIRECTORATE OF DISTANCE EDUCATION

BUSINESS COMMUNICATION

Paper Code:

BCOM1002/BBA1002



Bachelor of Commerce – B.Com.

Bachelor of Business Administration-B.B.A

I Year

DDE – WHERE INNOVATION IS A WAY OF LIFE

PONDICHERRY UNIVERSITY

(A Central University)

DIRECTORATE OF DISTANCE EDUCATION

BUSINESS COMMUNICATION

(Paper Code:BCOM1002/BBA1002)



B.Com / BBA - I Year

Business Communication

Author:

Dr. B. Varadharajan

Professor and Head
Department of Commerce
Annamalai University
Chidambaram.

All rights reserved

For Private Circulation only.

PAPER II - BUSINESS COMMUNICATION

UNIT-I

Introduction: Need - Objectives and Principles of Communication – Communication Media – Types of Communication Process – Interpersonal and Business Communication – Characteristics – Verbal and Non-Verbal Communications – Barriers to Communication.

UNIT-II

Business Letters: Need, Functions and Kinds of Business Letters – Essentials of an Effective Business Letter – Layout – Appearance – Size – Style – Form and Punctuation – Routine Request Letters – Responses to Letters – Refusal Letters – Claims Letters – Collection Letters – Mild and Strong Appeals.

UNIT-III

Letters of Inquiries, Quotations and Offers: Letters of Inquiry – Opening and Closing Sentences in Letters of Inquiry – Quotations – Specimen – Voluntary Offers and Quotations – Sentences regarding Offers and Quotations – Specimen – Placing an Order, Specimen – Cancellation, Acknowledgment, Refusal and Execution of Order.

UNIT-IV

Circular, Sales and Bank Correspondence: Circular Letters – Objectives – Situations that need Circular Letters – Specimen, Sales Letters – Objectives – Advantages – Three P's Functions, Bank Correspondence, Correspondence with Customers, Head office and with other Banks.

UNIT-V

Agency, Insurance, Import and Export Letters: Agency – Specimen Letters of Offer of Goods - Inquiry into the Reasons for Low Sales – Reply. Insurance – Claims – Letter inquiring about Premium Rate – Reply, Letter effecting Insurance – Letters between Insured and the Insurance Company – Letters between Importer and Exporter and Clearing and Forwarding Agents.

UNIT-VI

Company Secretary's Correspondence: Company Secretary – Correspondence with shareholders regarding Prospects of the Company – Series of Letters between the Secretary of Company and Shareholders, Auditors, Directors and Registrar of Companies – Preparation of Agenda and Minutes.

UNIT-VII

Official Correspondence and Public Relations: Official Correspondence – Distinction between Official and Business Correspondence – Classification – Official Letters – Specimen – Demi-Official Letters – Memorandum – Specimen – Endorsement – Specimen – Notification – Communiques – Specimen – Meaning of Public Relations – Press Conference – Press Release – Advertising – Direct Mail Advertising and Advertising Letters .

UNIT-VIII

Report Writing and Spoken Communication : Report – Importance – Oral and Written Reports – Types of Business Reports – Characteristics of a Good Report – Preparing a Report – Organisation of a Report – Spoken Communication – the Telephone – the Public Addressing System – Word Processor – Fax, E.Mail – Teleconferences – New age communication channels in internet – skype etc.,

TEXT BOOK:

Sinha K. K., Business Communication

REFERENCES:

Keval J.Kim, Business Communication.

Rajendra Pal & J.S.Korlahalli, Essentials of Business Communication.

Sharma, Krishna Mohan, Business Correspondence and Report Writing

TABLE OF CONTENTS

UNIT	LESSON	TITLE	PAGE NO.
I	1.1	Introduction to Communication	5
	1.2	Types and Process of Communication	9
	1.3	Barriers to Communication	14
II	2.1	Introduction of Business Letters	20
	2.2	Structure of a Business Letter	25
	2.3	Attitude, Styles and Expressions in Business Letter	31
	2.4	Lay-Out of a Business Letter	35
	2.5	Request Letters	44
	2.6	Collection Letters	49
III	3.1	Letters Of Inquiries And Replies To Inquiries	55
	3.2	Orders-Placement, Acknowledgement Execution, Refusal And Cancellation	63
IV	4.1	Circular Letters	74
	4.2	Sales Letters	82
	4.3	Bank Correspondence	91
V	5.1	Agency Communication	100
	5.2	Insurance Correspondence	109
	5.3	Import and Export Communications	120
VI	6.1	Company Secretary	130
	6.2	Company Secretary's Correspondence	133
	6.3	Notice, Agenda and Minutes Of Meetings	141
VII	7.1	Official Correspondence	153
	7.2	Public Relations	166
VIII	8.1	Business Reports	171
	8.2	Spoken Communication	182
	8.3	New Age Communication Channels	186

UNIT 1

Unit Structure:

Lesson 1.1 - Introduction to Communication

Lesson 1.2 - Types and Process of Communication

Lesson 1.3 - Barriers to Communication

Lesson 1.1 - Introduction to Communication

Learning Objectives

After reading this lesson, you will be able to:

- Understand the meaning and definition of communication
- Understand the need for communication
- Know the objectives and principles of communication

MEANING OF COMMUNICATION

By communication, we mean the process of passing information as well as understanding from one person to another. It is involved in all human relations. It is the nervous system of any organized group. Through communication, information and understanding are developed. Organisations exist only through communication, Planning, organizing, directing, controlling and co-coordinating in an organization will not be successful without an effective communication. Communication is a means to achieve an end. Through communication the organized activity is unified, behavior is modified, change is effected, information is made productive and goals are achieved. The word 'communication' has been derived from the Latin word 'communis' which means common. That is, sharing of ideas in common.

The success of an enterprise depends on the way in which information is communicated to others. If the communication is effective, the productivity of the organization and the morale of the employees will go up. Conversely, poor communication would mean poor results, poor profits and low productivity. Every organization wants to impress the outside world as well as its employees, customers and government that its activities and prices are competitive, profits reasonable and wages are fair, only through communication.

Inability to communicate effectively will lead to failure of the management in its tasks.

To put it briefly, through communication a business enterprise ensures the flow of information, perception and understanding between various parts and members constituting it. It includes spoken, written, upward, downward, inter-personal, intra-organisational and inter-organisational flow of information and reports.

DEFINITION

Communication has been variously defined by number of writers. According to McFarland, Communication is “a process of meaningful interaction among human beings. More specifically, it is the process by which means are perceived and understandings are reached among human beings.”

Scott, Clothier and Spriegel have defined it as “a process involving the transmission and accurate replication of ideas reinforced by feedback, purporting to stimulate actions to accomplish organizational goals”. For Dale S. Beach, communication involves “the transfer of information and understanding from person to person”. Allen Louis defines communication as the sum of all the things one person does when he wants to create understanding in the minds of another. For Newman and Summer, communication is an exchange of facts, ideas, opinions, or emotions by two or more persons. Herbert A. Simon has defined it as a process whereby decisional premises are transmitted from one member of an organization to another. For Charles E. Redfield, communication is the broad field of human interchange of facts and opinions and not the technologies of telephone, telegraph, radio and the like.

A study of the diverse view of the various authors stated above goes to highlight the nature and scope of communication in business. These definitions also help us to understand the need for communication in a business.

NEED FOR COMMUNICATION

LiteraScriptamanet – ‘the written words govern’ is the maxim. For the growth and development of commerce and business, communication is a must. Without communication, commerce, business, industry and trade cannot exist. Lack of proper communication or ineffective communication will adversely affect all areas of activity in the management of business. Effective communication makes the manager successful in his planning, directing, controlling and coordinating the enterprise efforts through the human force in the organization. It is only through communication, people and structure are tied

together, and Group of goals and organizational goals are achieved only through communication. It is as vital as blood circulation in a human system.

Communication increase managerial efficiency, it helps the manager in achieving coordination. Communication is needed in the recruitment process of potential employees. The recruits are told about the organization structure, the policies and procedures only through communication. Communication is also needed to promote co-operation and industrial peace. It provides the information and understanding necessary for group effort. To put it in a nutshell, communication is needed for managerial efficiency as well as for employee satisfaction, motivation, co-operation and job satisfaction. Administrators are reported to spend 75 to 95 per cent of their time communicating-either sending or receiving messages.

OBJECTIVES OF COMMUNICATION

The objectives of communication include the following:

- a) To tie people and organizational structure together
- b) To help people to understand, appreciate, accept, and act upon the ideas, policies, procedures etc., of the organization.
- c) To provide the information and understanding necessary for group effort.
- d) To develop right attitudes among employees through motivation
- e) To project the image of the enterprise in the society.
- f) To promote mutual understanding, co-operation and goodwill between the management and the employees.

PRINCIPLES OF COMMUNICATION

To achieve the objective of communication, the communicator should keep in mind the following principles:

1. There must be a clear understanding of the objective or purpose of communication. (In the absence of this principle being satisfied the communication fails).
2. The communication must be in an easily understandable language. The receiver should not be driven to go in search of dictionary or an interpreter.
3. Communication must be complete and adequate in all respects to avoid misunderstanding.
4. The medium of communication must be appropriate considering the situation. Urgency of the matter and the subject itself.

5. The messages should be consistent with the overall objectives and policies of the organization.
6. The actions of the communicator should not be contradictory to the message communicated.
7. There should be follow-up of communication to make sure that the receiver has understood the message properly.
8. To ascertain the receiver's reaction, feedback must be encouraged.
9. Grapevine being a powerful channel for communication, it should be encouraged and not curbed.
10. The communication skills of the executives should be developed through proper training.
11. To be successful in oral communication, the executives must be good listeners- that is, they should listen more before speaking out their mind.

Summary

Communication is involved in all human relations. The success of an enterprise depends on the way in which informations are communicated to others. By communication we mean the process of passing information as well as understanding from one person to another. It is the nervous system of any organized group.

Through communication, a business enterprise ensures the flow of information, perception and understanding between various parts and members constituting it. It includes spoken, written, upward, downward, inter-personal, intra-organisational and inter-organisational flow of information and reports.

Literascriptamanet – ‘the written words govern’ is the maxim. Effective communication makes the manager successful in his duties. Group goals and organizational goals are achieved through communication.

To achieve the objectives of communication, certain fundamental principles of communication should be kept in mind.

Self-examination Questions

1. What is communication? Describe its importance.
2. State the objectives of communication.
3. Explain the need for communication in any organization.
4. What are the principles of effective communication?

Lesson 1.2 Types and Process of Communication

Learning Objectives

After reading this lesson, you will be able to:

- Classify communications according to their nature.
- Classify communications according to their flow.
- Explain the process of communication to its logical end.

TYPES OF COMMUNICATION

Communication in an organization may be oral or written; formal or informal. The examples of oral communication are: speeches, group discussions, and grapevine. In oral communication, the communicator has to talk and listen. Talking and listening may be face to face, or in group discussion or over telephone and television. Oral communication is generally informal and feedback is quick and instantaneous. It is unsuitable for highly technical subjects and it is liable to be misunderstood. Moreover, no commitment is involved on the part of the receiver. In contrast, written communication is formal and is appropriate when the information sought to be sent is meant for due compliance by the receiver. Written communication stands for seriousness, authority and credibility, and clarity. However, it is an expensive, time consuming and rigid type of communication. Feedback is always late. Written communication includes letters, memorandums, bulletins, periodicals, forms etc.

Formal and Informal communications: Communication in an organization in general falls under the formal communication category. A formal communication flows through formally established channels. It is concerned with work-related matters. Orders, instructions and decisions of the management are communicated to the subordinates through the formal channel only. The formal communication flows in three directions, viz., downward, upward and laterally between departments. Communications which flow from superiors to the subordinates in an organization are known as *downward communication*. This is used to direct the efforts of the subordinates, define their goals, tell them what is expected of them, what resources are available, and to administer rewards and punishments.

Examples of downward communications are: orders and instructions about job, directions to understand the job and its relationship with other jobs, organizational policies and procedures, reprimands, criticisms, etc.. The important problems in this type of

communication are coordination, distortion and resistance. However, people at lower level of the organization have a high degree of fear and respect towards downward communication thereby leading to a high degree of its acceptance.

Upward communications are those which flow from the subordinates to the superiors and which act as a feedback. Examples of upward communication are: Information about subordinates' work performance, their problems relating to work, performance appraisal of subordinates, opinions, attitudes, feelings etc.. This type of communication is more susceptible to various obstructions and bottlenecks because of its special nature. It cannot be taken for granted as it often carries managerial control information.

Lateral or Horizontal Communication involves flow of information between persons of the same hierarchical level in an organization. This is meant for helping coordination of the activities of different departments. In addition to providing help for the task of coordination, horizontal communication also provides emotional and social support to the individual, and avoids the slower procedure of directing communication through a common superior. All formal organizations provide for horizontal communication. Examples of horizontal communication are: communication between production and marketing personnel, between finance and production personnel, between personnel and finance department etc., the greater the interdependence of work of the departments, the greater is the need for horizontal communication.

INFORMAL COMMUNICATION

When communications do not flow through structured channels formally recognized, they are said to be informal in nature. The informal communication is very much a part and parcel of the organizational process. Informal communication, known also as 'grapevine' flourishes in all organizations. It is not structured, and it does not have any formal recognition. Yet it exists due to the natural human tendency to communicate feelings, grievances etc., and it cannot be eliminated. In fact, grapevine is being encouraged in all organizations to get a feedback quickly on all organizational matters. The term grapevine came into use during the days of U.S Civil War when intelligence telephone wires were hung loosely from tree to tree in the manner of grapevine and the message thereon was often distorted. Hence, any rumor was said to be from the grapevine. Today, the term applies to all informal communications. It is through informal communication, people in an organization carry on social, non-programmed activities within the formal boundaries of the unit concerned.

MERITS AND DEMERITS OF GRAPEVINE

The organizational grapevine has tremendous capacity to carry information both helpful and harmful to the organization. It is recommended because of its positive features. It is the grapevine which gives a manager much feedback about employees and their work experiences, thereby increasing his understanding of what he needs to do be a supportive manager. It also helps to interpret management to the workers so that they may be more supportive. The special feature of grapevine is its fast pace. Being flexible and personal, it spreads information faster than most management communication systems do. Besides, the grapevine can crack even the tightest company screen, because of its capacity for cutting across organizational lines and dealing directly with the people who are in the know of reality. All evidence shows that grapevine is influential, either favorable or unfavorable and management do make its use in real life. In fact, some management even attempts to feed, water and cultivate the grapevine.

The most undesirable feature of grapevine is rumor which generally gives it a bad name. Rumor could by chance be correct, but generally it is incorrect; so it is presumed to be undesirable. Since rumor tends to change as it passes from person to person, and finally takes an epidemic form it greatly damages organizational interests. But it is wrong to strike at the whole grapevine merely because it happens to be the agent which carries rumor. The correct approach is to identify its cause and to deal with it firmly.

PROCESS OF COMMUNICATION

Whether formal or informal, the basic communication process is still the same. In fact, communication has been defined as a process. The various components of the communication process are: (a) the source or sender; (b) the message; (c) the code; (d) the transmission media; (e) the receiver's response or feedback. Now, let us examine each one of these components in detail.

The source: The sender of the message is the source for the receiver. That is, the organization or the individual who sends the communication would be the source for the receiver. The sender or the source must be sure about the purpose of the message or communication. The purpose may be (1) informing the receiver, (2) persuading the receiver, (3) educating the receiver or (4) changing the attitude of the receiver towards the source or the object of the message itself.

The Message: The contents of the communication constitute the message. Such contents may be mere information, suggestion, order, advice, persuasion, warning etc., the message

must be so drafted or coded that it may achieve the purpose for which it is sent. In other words, the message should influence the receiver and change his attitude.

The Code: The message is required to be put into a code before it can be transmitted through appropriate medium. All human languages are codes. Encoding involves the use of symbols. The words and phrases in languages are symbols and form language units. The communicator's message must be translated into a common language which reflects the idea.

The Transmission Media: The means through which managers communicate their subordinates are known as transmission media. The communication process can be carried out in three media: (a) Oral, (b) Written, and (c) Visual or non-verbal, Letters, reports, bulletins, newspapers, magazines, film-strips, face-to-face dialogue, gestures, tone, facial expressions etc., can all be termed transmission media. For distant contacts telephones, telex, telegrams etc., are employed. For two-way and multi-channel communication, conference, seminars, committee meetings, group discussions, etc., are made use of. It is the sender who should select an appropriate medium for the transmission of his message. If the choice is inappropriate, it is likely to affect the flow of communication and even result in communication failure, Facial expressions, tone of voice, and even silence may be termed as media for communication.

The Receiver: Effective communication is one which is receiver – oriented and not media-oriented. The receiver is the individual or the organization for whom the message is encoded and transmitted. The code competence of the receiver should be compatible qualitatively and quantitatively to the code competence of the sender. In other words, the receiver must be able to decode the message and to communicate his response to the sender. It may be pointed out here that words often mean different things to different people, and the same word may have many different meanings.

The Receiver's Response or Feedback: The receiver's response or action is the final stage in the communication process. It is also known as feedback. The source sends the message only to have a feedback and it will suffer if there is no response or feedback. Instant response can be expected and is possible only in face-to-face conversation. One-way communication process will not give any feedback, but a two-way communication will have feedback. A feedback provides a channel for the receiver-response which enables the sender to determine whether the message has been understood by the receiver as intended. With timely feedback, any distortion in meaning can be corrected by another communication

Summary

Communication in an organization may be oral or written; formal or informal. A formal communication flows through formally established channels. It is concerned with work-related matters. It flows in three directions: downward, upward and laterally.

Informal communication, popularly known as a 'grapevine' does not flow through structured channels formally recognized. The grapevine has its merits and demerits. While speed is the greatest merit of grapevine, rumor is its greatest drawback.

The various components of the process of communication are: source, message, code, media, receiver and feedback.

Self-examination Questions

1. Distinguish between formal and informal communication.
2. What is communication? Describe its various forms.
3. Describe the various directions in which the formal communication generally flows.
4. Define communication and describe the important steps involved in a communication process.
5. Make a distinction between upward and downward communication.
6. Distinguish between oral and written communication.
7. What are the different media for oral and written communication?
8. Under what circumstances would you prefer oral and written communications?
9. Discuss the relative merits and demerits of formal and informal channels of communication.
10. What do you understand by informal communication? Why is it thriving in all organizations?
11. What is 'Grapevine'? Would you recommend its use by the management? Give reasons.

LESSON 1.3

BARRIERS TO COMMUNICATION

Learning Objectives

After reading this lesson, you should be able to understand communication

- The forces at work – called barriers – which tend to distort communication and make it ineffective.
- The ways of overcoming barriers to communication.

The purpose of communication is meaningful exchange of information between the sender and the receiver. Whether it is inter-personal or inter-organisational, unless the communication produces the desired result it will not be effective in producing the desired result viz. the flow of information for managerial effectiveness. Every action of a manager in an organization is a communication act. This communication may be oral or written, and this may pass through various types of media such as letters, memos, circulars, teleprinters, telex etc.,. These communication channels or media may be blocked or obstructed thereby seriously affecting the flow of information and impairing the functioning of the organization as well. Many a time, managers say one thing and the subordinates understand totally a different thing. This distortion may arise due to various barriers to communication. By barriers we mean hindrances, or obstructions traceable to external, organizational and personal factors and not the mechanical defects of the media. These barriers to communication must be identified and removed for effective communication in an organization.

BARRIERS TO COMMUNICATION

No fixed classification of the barriers to communication is possible. However, for the purpose of easy understanding of their nature, we may classify them into four categories: (1) External (2) Emotional or psychological, (3) Organisational and (4) Personal.

External Barriers: External barriers are those which are external to the parties to the communication. These include: Language, Bad Expression, Faculty Translations, and Unclear Assumptions. In organizations, language barriers are quite common. This is so because, people in organizations will have different academic backgrounds, different intellectual faculties and the language of the sender may be incomprehensible to them.

Even if the sender employs very simple language there may be semantic problems. Words mean different things to different people. The communication may also suffer in terms of clarity and precision in the message sought to be conveyed. The words chosen may be poor even inappropriate. Similarly, when technical and special groups send communications they tend to use their specialist language which cannot be understood by a non-technical man.

A heart specialist would be communicating in a highly satisfactory manner if he were communicating with a cardiologist; the same communication would prove to be unsatisfactory if the receiver of the message were a non-medical person. The success of communication depends on the sender and the receiver sharing a common language. Further, the messages when badly translated because of use of inappropriate words, the receiver may not be able to make the proper interpretation. Vague understanding of words and faulty translations lead to impaired efficiency in communication and eventual heavy cost. The communication may also suffer from unclear underlying assumptions which are not communicated. This may prove to be yet another barrier.

Emotional or psychological barriers: In inter-personal communications, emotional or psychological factors play a major role in the interpretation of the message sought to be conveyed. These may act as prime barriers

In a communication, apart from the message, there is, what is known as 'meta-message'. The meta-message is what one gets out of a message when decoding. In getting a meta-message the difference in the mental wavelength of the communicator and the receiver play a vital role. When the psychological barriers exist in the minds of the receivers, they act as filter paper letting through some communications but holding back others. Sometimes, the executive concerned may be known for his habit of modifying his original communication. This results in distrust of the communicator forming yet another barrier to communication. Repeated experience of this kind may condition the mind of the receivers to delay their response or make them act uninterestedly. Sometimes, people fail to react to communications simply due to their preoccupation or inattention. Another equally common psychological barrier is poor retention and loss by transmission. Surveys conducted have shown that employees retain about 50 percent of information only and successive transmissions of the same message are decreasingly accurate due to 30 percent loss in transmission. When undue reliance is placed on written communications, which only convey what is required to be done and not why it should be done. They may themselves prove barriers since they do not always win the co-operation and confidence of

the employees. Unless face-to-face communications precede written communication, the employees may not be expected to respond to them spontaneously. Failure to transmit messages on the part of the managers due to their laziness or procrastination etc., may also be acting as barrier between the management and the employees.

Organizational Barriers: An organization is nothing but inter-relationship between functions and staff. It is designed for the achievement of certain stated objectives through well-defined policies, rules, regulations and procedures. There are also norms of behavior as well as systems of rewards and punishments. Accordingly, the major organizational barriers include the following: (1) Organizational policy (2) Organizational Rules and Regulations, (3) Organizational Facilities, (4) Status difference in the hierarchical positions. And (5) Complexity of organization structure.

Organisational Policy: Unless the organizational policy is supportive to the smooth flow of communication in different directions, the policy itself will act as a barrier to the smooth and adequate flow of communication. The organizational policy regarding communication should act as a guideline to everyone in the organization as to what is expected of him.

Organisational Rules and Regulations: The organisational rules and regulations such as the requirement of routing the communications through proper channel may act as barrier and restrict the flow of information. Rigid rules and regulations often make the employees reluctant or unwilling to communicate. In most cases this is a strong barrier.

Organisational Facilities: Unless adequate organizational facilities such as meetings, group discussions, conferences, suggestions and complaints box etc., are provided to the employees by the organization, they will fail to communicate effectively.

Status Difference: The flow of communication will also be affected due to status differences among hierarchical positions in the organization. The superior-subordinate relationship in the formal organization structure often blocks the flow of communication. This is particularly true in the case of upward communication.

Complexity in Organisation Structure: Where there are a number of managerial levels in an organization, communications not only get distorted but also heavily filtered. People will tend to be non-committal in their communication in the upward direction.

Personal Barriers

In addition to the organizational barriers discussed above. The supervisors' and subordinates' personal behaviour and attitudes towards communication may also act as

barriers to communication. View, opinions and attitudes once formed get hardened in course of time. Negative views, opinions and attitudes will not evoke positive response from the person concerned. A highly negative behaviour on the part of individuals will block communication. It is not only the behaviour of the employees that blocks communication, but also the managerial behaviour. Managers' attitudes towards communication may be too narrow and they may look upon communication as a one-way process. Many managers wrongly think that once they issue orders, instructions, memos etc., the receivers have only to obey them. They may not listen to employees on any matter and avoid face-to-face dialogue with them. They may be lacking in communication skill. They may even be reluctant to communicate for fear of losing the authority or a challenge to it. They may not have confidence in the subordinates. They may lack awareness and time to talk to this subordinates. All these shortcomings on the part of managers and supervisor, unless overcome, will block effective communication.

The factor which have been attributed to the supervisors and managers are traceable to the employees as well. However, the two most important factors in the case of employees which act a barriers to communication are unwillingness to communicate and lack of proper incentive. Generally, the information supplied in the upward communication is made use of for control purposes. Therefore, the subordinates may not be willing to communicate. If at all they communicate they will omit unfavorable parts of the information. No one will reveal his shortcomings to his superiors. Likewise, when there are no incentives or rewards to motivate the employees to communicate, they will refrain from doing so.

Therefore, to make communication effective, managers should overcome or minimize these barriers.

How to overcome the Barriers to communication?

Generally speaking, the greater the communication skill on the part of the management, the fewer barriers there will be, blocking the communication channels. Some of the ways through which the barriers to communication may be overcome are (1) Regulating the flow of information and following the principle of management by exception (2) Ensuring an effective feedback (3) Simplifying the language. (4) Developing the listening skill (5) Keeping the emotions under check and (6) Watching and taking advantages of non-verbal cues.

Regulating the Flow of Information: All incoming communications must be condensed and edited. They must be attended to in order of their merit. This will ensure that no critical communiqué or information is over-looked or even ignored.

Ensuing an Effective Feedback: Feedback is essential to ensure that the receiver has received the message and understands it in the same sense as the sender wants. It need not be verbal or in writing. Even actions and behaviour when watched would speak louder than spoken or written words.

Simplifying Language: One of the ways of overcoming the barrier to communication is simplifying the language and even using a repetitive one with which the receiver is at ease. All technical words and multi-syllable words should be avoided in communication. There must be clarity in communication as well. If the communicator is not clear in his mind about what he wants to communicate, mere simplification of language will not serve any purpose.

Developing Listening Skills: Poor listening on the part of managers often acts as a barrier to communication. Many managers are poor listeners. Listening is not mere hearing. It is an active and intellectual process. It needs a lot of empathy on the part of the listener, who must be sensitive to the other party's needs, feelings and perceptions. When the sender of the message steps into the shoes of the receiver and looks at the problem through his eyes, communication will become automatically effective. The points to be remembered to be an effective listener are stopping talking, putting the talker at ease, showing the talker that you want to listen to him, removing distractions, being patient, holding the temper, going easy on arguments and criticism and asking questions.

Keeping the Emotions under Check: The communicator should never communicate anything to anyone when he is emotionally upset and his thoughts are clouded and distorted. Communication should be sent only after the communicator has regained his composure and calmness. This principle is honoured more in breach than in observance. One should not act in haste and repent at leisure. One should not allow his emotions to rule while communicating.

Watching and taking Advantage of Non-verbal cues: This is possible only in the case of oral communication or face-to-face communication. In most cases, the eyes of the listener will speak volumes about his reacting to the message or suggestion. Accordingly, the communicator, can adjust his message or draw appropriate conclusions.

Summary

Communication takes place between sender and receiver. Its purpose is exchange of meaningful information. But, it may be frustrated due to the presence of various hindrances or barriers to communication.

Barriers to communication may be external, emotional or psychological, organizational and personal.

To make communication effective, these barriers should be overcome. Some of the ways through which the barriers to communication may be overcome are: regulating the flow of information, feedback, and simplification of language, good listening, keeping emotions under control and taking advantage of cues present.

Self-examination Questions

1. What are barriers to communication? How can these be removed?
2. Discuss the barriers involved in communication.
3. What is the importance of listening in communication?
4. Outline the principles of effective listening.
5. Discuss personal barriers to communication

UNIT –II

Unit Structure:

Lesson 2.1 - Introduction of Business Letters

Lesson 2.2 - Structure of a Business Letter

Lesson 2.3 - Attitude, Styles and Expressions in Business Letter

Lesson 2.4 - Lay-Out of a Business Letter

Lesson 2.5 - Request Letters

Lesson 2.6 - Collection Letter

Lesson 2.1 Introduction to Business Letters

Learning Objectives

After reading this lesson, you should be able to understand and appreciate:

- Meaning and Nature of Business Letters.
- Functions of Business Letters.
- Kinds of Business Letters.
- Essentials of an Effective Business Letter.

MEANING AND NATURE OF BUSINESS LETTERS

Business letters or correspondence reflects the mental side of commerce. They are the essential means of communication industry and commerce and are the fast moving messengers or ambassadors. They cost very little to get them duly prepared and mailed. They get no salary and demand no incentive bonus. With the tremendous growth and improvements in the means of transport and communication and the opening up of new markets, the importance of business correspondence has greatly increased. The modern businessman cannot take shelter under the motto “Silence is Golden”. His motto should be ‘communicate or Flounder’.

Writing successful business letters is both an art and a craft. The reputation of a business depends in a large measure upon the quality of the letters which are sent out by it and the way in which it deals with inward correspondence. Business correspondence may be termed as the respiratory system of the unit concerned. It is as vital to the success and survival of business as respiration is to human existence.

Every business letter may be regarded as a sales letter or an exercise in selling. The business letters represent a business house as salesmen do.

The business letter may be defined as a message that attempts to influence its reader to take some active action or attitude as desired by the writer of the letter or the business house sending it out.

FUNCTIONS OF BUSINESS LETTERS

Business letters are one of the means of communication in business. They open up and build business relations both at national and international levels. They dispense with the need for personal interviews in business transactions. They help to avoid the waste of time and risk involved in personal interviews. Whereas the businessman may make hasty decisions and commit mistakes in personal interviews and conclusion of deals based on them, no such risks are involved in written correspondences which are well thought out ones. More polite language can be used in correspondence and guard oneself against all unpleasantness involved in personal interviews and negotiations. Further, advance arguments can be incorporated in correspondence. Above all, business letters provide written evidence of all communication between the business house and its customers and others.

They open up and maintain business relations: initiate and conclude deals. Their functions go beyond the essentials of presenting information and help to make friends, build goodwill and add to the company's prestige.

KINDS OF BUSINESS LETTERS

Business letters may be classified in many ways. One such classification is as follows: (1) Letters of Inquiry (2) Letters carrying quotations or offers, (3) Letters placing orders, (4) Confirmation, Execution, Refusal or Cancellation of orders. (5) Collection Letters (6) Claims Complaints and Adjustment letters. (7) Circular Letters (8) Sales Letters (9) Follow-up Letters, (10) Banking Letters, (11) Insurance Letters (12) Agency Letters (13) Letters between importer and exporter. (14) Letters with clearing and forwarding agents. (15) Secretarial Correspondence, (16) Official Correspondence and Public Relations (17) Memorandums and (18) Correspondence with Government. You will be learning the techniques of writing these letters and their contents in the lessons that follow

ESSENTIAL OF BUSINESS LETTERS

Writing a Business letter is entirely a different task from writing a letter to a friend or a relative. There is a vast difference in the purpose between these two types of letters. Social letter and personal letters may be written with no specific purpose but just to convey

feelings and emotions. But the business letters are sent out with a specific purpose. Behind every business letter there will be a reason and a purpose to be achieved. A business letter is used only as a means to achieve an end. Unless the end goal is secured, writing business letters becomes a waste. To avoid or minimize the waste in this type of business communication, the business letters should satisfy the following essentials:

- (1) Pertinency
- (2) Courtesy
- (3) Brevity
- (4) Clarity

Pertinency: Pertinency means that the letter should be fit or relevant to secure the purpose of which it has been written. It must be to the point. To ensure this essential requirement, a thorough knowledge of the subject-matter about which the letter is to be written, as well as good command over the language is a must. All unnecessary and round-about expressions and statements should be avoided. So also, all thoughtless and stereotyped writings should be shunned. This is easily achieved when one follows the motto 'Think before you write'. The letter written should contain not only pertinent information but also should be complete in all respects. It must not leave out any relevant or essential information about the subject-matter of the letter. Pertinency and completeness should go hand-in-hand.

Courtesy: The tone of the letter must be such that the receiver is not offended on reading it. This is to be ensured by keeping the tone of the letter courteous or polite. For example, a wise correspondent will always call the mistake of a third party as 'omission' and not as 'error'; he will not use the word 'wrongly sent' but 'inadvertently sent'. He will not declare a statement to be wrong but will simply state that 'it does not correspond to the facts'. Should any customer make a foolish request he does not tell him so, but merely 'regret that he cannot fulfill his request as the company's policy does not permit it'.

One most important technique by which courtesy could be injected in a business letter is adopting the 'you attitude'. That is, the letter should have a preponderance of You's and a minimum of We's. This is based on the psychological principle that every person is interested in himself and thus responds well to a letter written from his point of view. Being courteous in tone does not include using superfluous and empty phrases. The tone must be natural and fluent and not affected. These apply not do what we say but how we say it. The tone is particularly important because we cannot convey our feelings by a

smile or a gesture as we could in speaking; only the words, in black and white, convey our tone. The customer who receives a discourteous letter may conclude that this represents the tone of the company. The tone will be satisfactory when it meets the following two test:

- i) Have we expressed our ideas so that the reader will feel that we are trying to be helpful, courteous and humane?
- ii) Have we expressed them so that they reflect good public relations for the company?

Brevity: Brevity means being concise. A business letter must necessarily be brief or concise. Brevity is not only the soul of wit, it is also the soul of a business letter. A short and concise way of expression is essential. However, brevity should not be at the cost of clarity and courtesy. The best writers use short words only. This means, long and complicated sentences should be avoided. The use of long and complicated sentences and language will only confuse the reader. This is to be achieved through a careful scrutiny of the language used and the scrutiny of the textual contents of the letter. One can be brief and effective in writing business letters by following the '4-S Formula' viz. Shortness, Simplicity, Strength and Sincerity.

For shortness, do not repeat phrases from the letter you are answering. Avoid needless words and information. Do not qualify your statements with irrelevant if's. Beware of roundabout prepositional phrases such as 'with regard to' and 'in reference to', Watch out for nouns and adjectives that derive from verbs, use these words in their verb forms. For simplicity, use short words, short sentences and short paragraphs. Know your subject well so that you can state it naturally and confidently. For imparting strength, use specific and concrete words. Give answers straight away; then explain, if necessary. Avoid expressions like 'it appears'; 'we wish to state' etc. For sincerity, be humane and not an office machine. Admit mistakes openly and sincerely.

Brevity should not be confused with the length of the letter. The length of the letter is not to be measured by lines or pages. A two-page letter may seem short, while a one page letter may seem too long. There are only two tests for telling whether a letter is too long or not. Ask yourself these questions. (1) Does the letter say more words than need be said? (2) Does the letter take too many words for what it must say? Further, remember that brevity is not always a virtue. If a letter is so brief that it requires further correspondence to elucidate it, time and energy are lost rather than gained. Where there is

much to say, a long letter is justified, provided all repetitions and wordy sentences are ruthlessly avoided.

Clarity: Letters are written to convey to the receiver the intention of the writer. They must be understood and not misunderstood. To avoid misunderstanding and costly errors, a business letter should convey the complete and exact meaning which was intended. Effective conveyance of the message in clear terms is as important as brevity. This is easily ensured by voiding use of unfamiliar words as well as the ridiculous abbreviations and expressions which tend to distract the language. (More about these you will learn later). Ask yourself the following questions every time you write letter. Will the reader understand quickly and easily what I am trying to tell him? Will the reader have any questions unanswered after he has read the letter?

Summary

Business letters reflect the mental side of commerce. The business letter may be defined as message that attempts to influence its reader to make some active action or attitude as desired by the writer of the letter. Business letters have several functions to perform. They dispense with the need for personal interviews and thereby save time and risk involved. They send for personal interviews and thereby save time and risk involved. They open up and build relational, build goodwill and add to the prestige of the company.

There are several kinds of letters. All these letters should satisfy the essentials are pertinency, courtesy, brevity and clarity.

Self-examination Questions:

1. Define a 'Business Letter' and explain the nature of business letters.
2. Describe the objectives and functions of business letters.
3. Enumerate the kinds of business letters.
4. Explain briefly the essentials of an effective business letter.
5. What is courtesy? What is its importance in business letters?
6. Why should business letters be brief?
7. How would you ensure that your business letter is complete?
8. What is the importance of correctness of language and correctness of information in business letters?
9. What are the effects of an incomplete letter?
10. What does the "You" attitude have to do with the tone of the letter? How would you exploit this strategy

Lesson 2.2 Structure of a Business Letter

Learning Objectives

After reading this lesson you should be able to understand:

- the structure or layout of a business letter in general
- the techniques of heading the letter
- the technique of putting the inside address
- the manner of commencing the letter or addressing the receiver
- the arrangement of a body of the letter
- the manner of closing the letter
- the different types of signatures on the letters

A business letter generally consists of the following distinct parts. Viz:

1. Heading
2. Date
3. Inside Address
4. salutation
5. subject matter
6. Body of the letter
7. Complimentary Close
8. Signature
9. Identity marks of the dictator and stenographer or their initials
10. Enclosures
11. Carbon copy notation
12. Mailing notation
13. Postscripts.

Heading: The heading is to indicate the name and address of the firm or company sending the letter. As far as possible, it must be simple but attractive. In addition to the name and address, telephone number telex, fax telegraphic address, and any reference number to be quoted in case of reply may also be given. Care must be taken to see that the heading is not crowded with so many details and is given duly centered on top of the letter paper. A margin of at least three centimeters should be left on both sides.

Date: A business letter should be properly dated at the upper right hand section of the letter. There must be at least three line spaces between the date and the first paragraph of the letter. While writing the date, the abbreviated form viz., 16.10.95 should be avoided. The month, day and year should be put only in the order style stated here: October 10, 1995. The day of the month must always be separated from the year by a comma. There is no need for putting *th* and *rd* after day numeral.

Inside Address: The inside address being an important information on the copy of the letter for future reference it must be complete in all respects. These should cover the name, title, place of business of the person, firm or company and the full address. A full and complete address will ensure proper delivery and also enable another person to address will ensure proper delivery and also enable another person to address the envelope.

Suitable prefixes should also be used in the inside address. Words such as ‘Mr.’, ‘Thiru’, ‘Shri’ should be used before the name of the individual to whom the letter is meant. However, it has become discourteous to address with the above prefixes. Now-a-days ‘Esq’. (Esquire) is used at the end of the name of an individual to show extreme courtesy. However, Mr. and Esqr. should not be used together. So also Dr. and Esqr. should not be used simultaneously. The word ‘Messrs’ should be used in the case of partnership firms and companies when the names of actual people occur in the title of the partnership or company. Otherwise, it must not be used. The name of the firm or company should simply be written prefixed by the article ‘The’. If the letter is addressed to a lady, the prefix ‘Messrs’. and ‘Mrs.’. But today, irrespective of the marital status of a lady, which should not be the concern of any body, a uniform prefix ‘Ms.’ is used.

When the letter is to be brought to the attention of an individual within the organization, the inside address should end thus ‘Attention: Mr. Ashok kumar Jain. Managing Director’.

Salutation: The salutation should be consistent with the first line of the inside address: if that is plural (a company or a partnership firm), the salutation also should be plural, viz. Dear Sirs, Gentlemen etc. But the use of ‘Dear Sirs’ has become out of fashion now. So, prefer, ‘Gentlemen’ instead as a salutation while addressing a company or a firm. However, ‘Dear Sir’ is to be used in addressing individual. Even though the letter is directed to the attention of an individual. If the first line of the inside address is the company or firm name, the salutation should be in plural form. ‘Dear Madam’ is the generally accepted form of salutation for a women either married or single. Salutations like ‘My Dear Mr. vivek’ or ‘Dear Mr. vivek’ may be used when there is a personal

acquaintance between the correspondents. After the salutation, a colon and not a comma should be used.

Subject Matter: After the salutation, the subject-matter of the letter is to be indicated briefly. It should not be more than two or three lines. The last line should be underlined, if possible, in red colour. The subject-matter should be typed in the center of the letter head just below the salutation, leaving two line spaces.

Body of the letter: Depending upon the length, single or double line spacing may be used in the body of the letter. In single-spaced letter, make a double space after the salutation and between paragraphs. The body contains the information or the message sought to be communicated. It should be centered on the page with a left margin of at least two centimeters and approximately the same for the right-hand margin as well. For each topic, a separate paragraph should be devoted. The topics should be dealt with in the order of their significance. Generally, the opening paragraph should refer to the general background, the previous correspondence and other reference papers or situation., the middle with the main message and the closing paragraph, may be just a complimentary close or state the writer's intentions and expectations of what shall follow, Care should be taken to ensure that the message sent is correct and complete. The language must be simple and the tone friendly.

The second and subsequent pages of a letter, if any, should be written up in the blank sheets only or on specially printed continuation sheets of the same kind of paper as that used for the letterhead. The name or initials of the person addressed are placed at the top left-hand margin of the continuation sheet(s). The number of the page should follow the initials. The date may also be given following the number of the page in the continuation sheet(s). The whole thing will appear as follows:

“B.V.R – 2 – Jan.15, 1996”

A new paragraph should not be written at the bottom of the sheet unless there is space for at least three lines. A single line or a few words should not be carried over to the second page. Quoted matter, for example, a telegram, can be made prominent by indenting it, both right and left margins and writings in single space.

Complimentary Close: The complimentary close refers to the courteous way of closing a business letter. This consists of the words of respect or regard used to express the feelings of the writer towards his correspondent, and should follow the body of the letter on the next line below. It should be consistent with the salutation and the words should never be abbreviated. The complimentary closes generally used are: “Yours truly” and ‘Yours

faithfully”. Please note, only the first letter of the first word of the complimentary close is capitalized.

The complimentary closes such as ‘yours sincerely’ ‘yours very sincerely’, ‘yours affectionately’ etc., should not be used in business letters. They are meant for private and personal letters only.

Signature: Without signature, the letter will be reduced to a mere scrap of paper. The signature reveals the exact identity of the writer and the authority vested in him by the business firm to sign the letter on its behalf. There are three types of signature viz., Simple or Designation signature.

‘Per Procuration’ Signatures, and ‘For’ or proxy signatures. These are illustrated below:

Simple or Designation Signatures

- (i) S. GnanaguruVivek
Sales Manager
- (ii) K. Vikash Chand
Principal

Per procuration Signatures

- (i) Per pro. Kaveri Industries Ltd.,
K. Sivanesan
- (ii) P.P. Enterprises Ltd.,
S. Kumar

‘For’ or Proxy Signatures

- (i) N. Ramesh chand
for the Manager
- (ii) for the Managing Partner
P. Suresh Kumar

The difference between ‘per pro’ and ‘for’ signatures should be noted. In the case of the former, it precedes the name of the company and in the case of latter, the word ‘for’ is put before the designation of the person. Between the two, ‘for’ signatures are purely *ad hoc* in nature.

IdentityMarks: To enable identification of the dictator of the letter and the stenographer who typed out the letter, their initial may be given at the left margin of the letter at two line spaces lower than the signature on the letter. Such initials may be thus:

BVR/RM

Enclosures: Enclosures refer to the papers enclosed with the letter or cheque/draft enclosed. This fact is drawn to the attention of the receiver by adding the word 'Enclosure' in the abbreviated form 'Enc' or 'Encl' in the lower left corner of the letter mentioning the number of times enclosed. This enables the mailing assistant and the receiver of the letter to check the contents of the envelope. It is better to arrange the enclosures in the order in which they are referred to in the letter. 'The enclosures should be arranged in the back of the letter. In the case of cheque/draft it is better if it is affixed on top of the letter.

Carbon Copy Notation: When the copy of the letter has to be sent to any other(s), the words 'copy' or its abbreviated version 'c.c' is typed on the left-hand side of the letter below the complimentary close and signature and is followed by the name and address of the party for whom the copy is meant, e.g.,

c.c. to the Branch Manager,
Indian Bank
Pondicherry – 605 001.

or

c.c. The General Manager
Southern Exports Ltd.,
First Line Beach,
Madras – 600 001.

c.c. to Mr. N. Ashokkumar
Auditor.

Mailing Notation: When the executive desires the letter to be sent by Registered Post or by Air or by Courier Service, the notation should be typed accordingly midway between the date and the first line of the inside address. These instructions must be in capital letters.

Postscripts: When the writer of a letter wants to communicate something after the completion of the letter, he may do so through postscript or 'P.S' after the signature. It is better to avoid postscripts as it is a bad reflection on the writer's ability to communicate effectively through the body of the letter itself. So, they should be avoided. If postscript is found necessary, it should begin with the abbreviation "P.S." and as a portion of the letter it needs the initials or signature of the writer to authenticate the same.

STATIONERY TO BE USED

It is not only the structure of the letter that counts but also the quality of the paper on which it is typed out. A good quality stationery is to be considered as an investment and as an image building exercise. The motto must be ‘Fine feathers make fine birds’. since the impression begins with envelope, the envelope used should also be of good quality.

Summary

A business letter is not just a jumble of lines put together. It consists of several parts, viz., heading, date inside address, salutation, subject-matter, body, complimentary close, signature, identity marks of the dictator and stenographer, notations for enclosures, carbon copies and mailing instructions. It may also have postscripts. Good quality stationery for writing the letter and an equally good quality envelope are vital for building the image of the concern through creating a better impression. ‘Fine feather, make fine birds’.

Self-examination Questions:

1. State the nature of information and the manner of giving it with reference to the Heading and Inside Address.
2. Discuss the relationship between salutation and inside address.
3. What do you understand by ‘Complimentary close’? Give examples.
4. Distinguish between ‘Per Pro’ and ‘for’ Signatures. Give Examples,
5. Why are date and signature on a business letter necessary?
6. How will you draw the attention of the receiver of the letter to the enclosures made along with the letter and the copies marked to others?
7. What is postscript? When is it resorted to? How is it made on the letter?
8. Why is it necessary to use good quality stationery for the letter as well the envelope in which it is sent?

LESSON 2.3

ATTITUDE, STYLE AND EXPRESSIONS IN BUSINESS LETTERS

Learning Objectives

After reading this lesson you should be able to say:

- What is the right attitude to be maintained in writing business letters?
- What style is to be maintained?
- What expressions are to be avoided?

PSYCHOLOGICAL TECHNIQUES FOR WRITING BUSINESS LETTERS

A business letter should be written not as the writer would like to write, but as the reader would like to read. The information must be presented in a manner to arouse the reader's interest and curiosity. The business letter must be reader-oriented and not writer-oriented. Maintaining the 'You' attitude, emphasizing the positive, making the letters smile and making the copy of the letter create a visual experience are some of the psychological techniques to be employed in this regard.

'*You' Attitude*'. Instead of using the self-centered words 'we', 'our', and 'us' in writing business letters the use of reader-oriented words 'you' 'yours' is the formula for maintaining 'you' attitude in business letters. Consider the following examples:

I and We	You and Your
1. I was happy to hear that my letter provided sufficient information for the completion of order for us.	Thank you for <i>your</i> assurance that <i>you</i> have sufficient information for the completion of <i>your</i> order
2. I am happy to report	You will be happy to know
3. We make six styles in all sizes, available in cartons of four	You may have <i>your</i> choice of six styles in all sizes. These are packed in cartons of four for your convenience in stocking.

However, 'you attitude' should never be over-emphasized at the cost of sincerity and truthfulness of the message. There should be no exaggeration in their usage. 'You attitude', in business letter writing is not merely a matter of phraseology but is one of the

attitude. What is important is pointing out the qualities related to reader's advantage such as value for money, quality, utility, appearance, profit, enjoyment, economy etc.,

Emphasizing the Positive: Remember even a letter that has to say 'No' can be written from a positive point of view. Compare the following two statements:

-- We regret to inform you that we will not be able to dispatch

Your order until ----- (Negative)

-- Thank you for your order. The merchandise will go out to

You as soon as ----- (Positive)

Therefore, make it a rule never to start or end your letter with a negative message or information. Whenever possible, avoid words with a negative connotation such as careless, complaint, error, neglect, unfair etc.

Making the Letters Smile: Some phrases have a built-in smile and use them freely to get a smile into your letter, a bit of your personality and an atmosphere of goodwill. A successful business letter should leave a pleasant impression. The phrases listed below should be used as freely as possible to make the business letters smile:

-- We shall be glad to

-- We appreciate very much

-- Thank you

-- It is a pleasure

Making the copy Live: The language used in a business letter must create a visual experience and the reader should feel what you say.

Consider the following paragraph giving a vivid description about the dictionary sought to be marketed by the publisher:

"You lift it in your hands and feel the good solid weight of a volume that will last a life time! You'll open the big pages and make the exciting discovery that here at last is a volume that tells you just what you want to know about a word or a subject. Never again will you go searching through old dictionaries and encyclopedias and with this brand new volume you'll see how wonderfully easy it is to learn and learn Yes, every member of your family from school kids to grandmother".

Certainly, the above description of the dictionary will succeed in creating a visual experience in the mind of the reader and will make him feel what you say he will.

Phrases and Expressions to be avoided: One who wishes to become a successful business letter writer has to be careful in the use of words and phrases in communication. Only short and concrete phrases are to be used. One must be natural in writing and all kinds of artificiality should be avoided. The following phrases should never find place in business letters as they will only spoil their style and effectiveness:

Yours of recent date.

Contents noted,

Your favour has duly come to hand,

Attached you will find.

Herewith enclosed,

We beg to advise,

We wish to state

We would suggest

As per your request.

The phrases such as those listed above, known as ‘whiskers’ or ‘jargons’ act as barriers between the writer and the reader. One does not talk this way in actual personal conversation, and so should be avoided in writing as well.

Recommended Usage in the Place of Letter Whiskers/Jargons

You may keep in mind the following recommended usage in the place of commonly used expressions in business letters:

‘Thank you for your favour of March 4’, Never call a letter a favour, write instead, ‘Thank you for your letter of ...’

‘Thanking you in advance’ – Write instead, ‘We shall be grateful for any information that you may care to send’.

‘This letter is for the purpose of requesting’ ...! Forget this formality, Straight away ask for what you want.

‘Will you be kind enough to’ Write simply ‘Please’.

‘In view of the fact that’ Write instead ‘since’ or ‘because’

‘Awaiting your favour’ Instead, write, ‘please let us hear from you’.

‘I have your letter of January 10 at hand’. Write instead, ‘Thank you for your letter of January 10’.

‘At an early date’. Instead, write, ‘soon’.

‘As stated above’, ‘as stated below’. Instead, write ‘from these facts’ or ‘for the following reasons’.

‘We wish to acknowledge receipt of your letter. ‘Write instead. ‘Thank you for your letter’.

‘Your favour received and contents duly noted-‘Simply write instead, ‘Thank you for your letter’.

‘Hope and trust’ – Just write ‘hope’ or ‘trust’

‘Insist and demand’ – just choose one.

‘First and foremost’ – Just choose one

‘Sincere and earnest’ – just choose one.

‘Anxious and eager’ – just choose one.

‘Beg to acknowledge’, ‘beg to state’, ‘Beg to inform’. Please do not ‘beg’. Write simply: ‘acknowledge’, ‘state’, ‘inform’ etc.,

‘Herewith enclosed please find’, (If you can!) Simply write, instead, ‘We enclose’

‘Kindly favour us with your Cheque’. Simply write ‘Please send your cheque’

Summary

All business letters should be written from the reader’s point of view. ‘You’ attitude is very important. So also is emphasizing the positive and making the letters smile and live. All stilted phrases and jargons or whiskers should be avoided. The style must be natural and simple. All artificiality should be avoided.

Self-examination Questions:

1. ‘A business letter should be written not as the writer would like to write, but as the reader would like to read’. Discuss.
2. What is ‘You-Attitude? What is its importance in business letters?
Illustrate your answer.
3. What do you understand by ‘Letter-Whiskers’ or ‘business jargons’?
Why are they condemned?
4. Give 10 phrases which are to be avoided in writing business letters and give their
Simple equivalents.

LESSON 2.4

LAY-OUT OF A BUSINESS LETTER

Learning Objectives

After going through this lesson you should be able to understand:

- The over-all arrangement of the different parts of a business letter
- The different forms of lay-out or the appearance of the different parts of a letter according to the style of arrangement adopted.

ARRANGEMENT OF THE DIFFERENT PARTS OF A BUSINESS LETTER

In Lesson 2.2. you have learnt about the different parts of a business letter constituting its over-all structure. Their over-all arrangement and appearance on the letter paper once typed out is referred to as lay-out. The different forms of lay-out are: (1) Block form, (2) Semi-Block Form, (3) complete Block, form, (4) Indented Form, (5) Hanging Indented Form and (6) simplified or NOMA Letter.

Block Form of Lay-Out: The Block form of lay-out is more popular now-a-days. In this form, all paragraphs and lines start from the left-hand margin, with the exception of the complimentary close and the signature (Figure 2.1). The 'heading' is always centered, whatever the form of lay-out. The advantages of Block Form of lay-out are: (1) saving in the stenographer's time since no time is wasted in spacing the lines and paragraphs, (2) the letter becomes modern. In this form of lay-out, no punctuation is made. That is, open form of punctuation should always be the rule in the Block Form of lay-out.

Semi-Block Form of Lay-out: The Semi-Block Form is a compromise between the Block and the Indented forms. IN this form, the stenographer uses the Block form with open punctuation but indents each paragraph in the body of the letter 5 spaces (Figure 2.2)

<hr/> (Heading)	
	<hr/> (Date)
<hr/> <hr/> <hr/> (Inside Address)	
<hr/> (Salutation)	
<hr/> <hr/> <hr/> <hr/> (Body of the Letter – First Paragraph)	
<hr/> (Body of the Letter – Second Paragraph)	
	<hr/> (Complimentary Close)
	<hr/> (Signature)
<hr/> (Dictator's and Stenographer's Initials)	
<hr/> (Encl.)	

Figure 2.1 – Block Form of Business Letter

(Heading)

(Date)

(Inside Address)

(Salutation)

(Body of the Letter – First Paragraph)

(Body of the Letter – Second Paragraph)

(Complimentary Close)

(Signature)

(Dictator's and Stenographer's Initials)

(Encl.)

Figure 2.2 – Semi-Block Form of a Business Letter

Complete Block Form: In the Complete Block Form, all the elements of the letter, except the heading, start from the left-hand margin. Hence, no time is wasted in spacing. This is an ultra-modern form (Figure 2.3).

Indented Form: The indented Form is considered as obsolete one as it requires unnecessary waste of stenographer's time for spacing and punctuations. The Indented Form was widely used two decades ago with closed punctuation. In this form, each line of the address and paragraph beginnings are indented about 5 spaces (Figure 2.4). (This form requires complete punctuation).

Hanging-Indentation Form: The Hanging Indentation Form of business letter is effective in attracting attention, and so can be used with advantage in the case of Sales Letters. In this form of lay-out, the first line of each paragraph is begun at the left-margin but the remaining lines of the paragraph are placed away from the left-margin by five spaces (Figure 2.5). The resulting appearance is a combination of those of Block and Indented form. This form is not used much in practice.

Simplified or NOMA Letter: The main characteristics of Simplified Letter form are the complete elimination of the salutation and complimentary close, and the left-hand block format, which is similar to that of the Complete Block form (figure 2.6). If efficiency in letters in terms of saving in stenographer's time were the sole criterion, this form of letter, would be ideally suited. However, since custom and tradition still carry a heavy weight, it will take a fairly long time before this form comes to be accepted universally. Originally, the National Office Management Association (NOMA) of U.S.A used this form, and hence the alternative name NOMA Letter.

(Heading)

(Date)

(Inside Address)

(Salutation)

(Body of the Letter – First Paragraph)

(Body of the Letter – Second Paragraph)

(Complimentary Close)

(Dictator's and Stenographer's Initials)

(Encl.)

Figure 2.3 – Complete Block Form of a Business Letter

(Heading)

(Date)

(Inside Address)

(Salutation)

(Body of the Letter – First Paragraph)

(Body of the Letter – Second Paragraph)

(Complimentary Close)

(Signature)

(Dictator's and Stenographer's Initials)

(Encl.)

Figure 2.4 -Indented Form of a Business Letter

(Heading)

(Date)

(Inside Address)

(Salutation)

(Body of the Letter – First Paragraph)

(Body of the Letter – Second Paragraph)

(Complimentary Close)

(Signature)

(Dictator's and Stenographer's Initials)

(Encl.)

Figure 2.5 – Hanging Indentation Form of a Business Letter

<p>(Heading)</p>	<p>(Date)</p>
<p>(Inside Address)</p>	
<p>(Subject-Matter)</p>	
<p>(Body of the Letter – First Paragraph)</p>	
<p>(Body of the Letter – Second Paragraph)</p>	
<p>(Signature)</p>	
<p>(Dictator's and Stenographer's Initials)</p>	
<p>(Encl.)</p>	

Figure 2.6 – Simplified or NOMA Form of a Business Letter

Summary

The over-all arrangement and appearance of the different parts of a business letter may result in six different forms viz., (1) the Block Form, (2) the Semi-Block Form, (3) the Complete Block form, (4) the Indented form, (5) the Hanging Indention and (6) the Simplified or NOMA letter. The Complete Block form and Simplified Letter are considered ultra-modern. Whereas, the Block Form has become popular, the Simplified Letter or NOMA form is yet to gain universal acceptance.

Self-examination Questions:

1. Define 'Lay-out' of a business letter and explain briefly the different forms of lay-out.
2. Point out the advantages of the Block Form and Complete Block form lay-out of a business letter.
3. What do you understand by Simplified Letter? Why has it not become popular?

LESSON 2.5

REQUEST LETTERS

Learning Objectives

After reading this brief lesson you should be able to:

- Understand the nature of request letters.
- Learn the types of responses to request letters.

Letters making certain requests may be sent to a firm by prospective customers or the firm may send out letters of request to other firms or banks. The responses for such requests may be either positive or negative. The letters granting the requests are easy to write. But the letters refusing the request are one of the difficult types of letters to write. Great tact and courtesy must be used if the reader is not to be antagonized or offended. That is to say, the letter may say 'NO' and still retain the goodwill of the party making the request.

The replies granting the requests should capitalize the occasion in full to build goodwill and induce action on the part of the person making the request. It should: (1) state the action taken, (2) make specific reference to the enclosures such as catalogues, pamphlets etc., and (3) incorporate sales talk for motivating the reader to act positively to the suggestions made.

OCCASIONS FOR SENDING LETTERS OF REQUEST

Some of the purposes for which the letters of request may be written are: (1) Obtaining catalogues, (2) Obtaining quotations, (3) Obtaining samples, (4) Obtaining supply of goods on credit terms.

Obtaining Catalogues and Price Lists: When a prospective customer sends a letter making a request for the firm's catalogue and price list, the opportunity must be seized to secure an order from the party concerned.

The reply must be sent immediately duly enclosing the catalogues and price lists requested for by the sender.

Obtaining Quotations and Samples: Requests for quotations and samples should be promptly attended to. They should not be dealt with casually. These requests if capitalized will go a long way in establishing permanent business relationships. It must be remembered that requests for quotations and samples are made with a view to make a comparison with those of competitors. Therefore, orders will follow if the quotations are competitive and satisfactory and the quality and service are assured.

Request for Supply of Goods on Credit: If the request for supply of goods on credit comes from existing customers there will be no problem in granting the request, Should it come from a new party, obviously, the request cannot be granted. But the negative reply must be polite and firm in tone.

Some Helpful Opening Sentences for Writing Letters of Request

You may use with advantage the following opening sentences in writing letters of request according to the context:

1. We shall be glad to receive your lowest quotations and terms of business for .
2. We invite quotations for the supply of items listed below in large quantities within two weeks of placing orders.
3. We shall be pleased to receive a copy of your latest catalogue on
4. We require samples and your lowest quotations of

Closing Sentences for Writing Letters of Request

1. We look forward to placing a large order, if your quotations are competitive and the terms of business reasonable.
2. We intend to place a large order if your prices are competitive.
3. If your quotations and terms of business are reasonable, we hope to place an order with you.
4. Please ensure that your quotations and samples reach us on or before
5. A satisfactory quotation will be to our mutual advantage.

Helpful Opening Sentences for Writing Replies to Request

1. We thank you for your letter of August 3, and were glad to know of your interest in our publications
2. We are glad to know of your interest in our products and have pleasure in giving our lowest quotations for the supply of

Helpful Closing Sentences for Writing Replies to Requests

1. We are sure, you will find our quotations very competitive and send in your order which will receive our prompt attention
2. May we request you to send in your order immediately?
3. The quotations we have made are for first-class work and finish and trust they would be acceptable to you.
4. Your orders can be met promptly from ready stock.
5. We will dispatch the goods as per your order as soon as we receive your cheque.

ILLUSTRATION:

A LETTER CARRYING A REQUEST FOR CATALOGUE AND TERMS OF BUSINESS

Students Book Centre
University Campus
Pondicherry – 605 014.

December 15, 1994

Messrs. Sultan Chand and Sons,
4792/23, Daryaganj
New Delhi – 110 002.

Gentlemen:

We are in this line for the last 10 years serving the needs of University and College students as well as libraries. We propose to stock your renowned publications for sale. We can assure you a minimum business of Rs.2,00,000 initially.

We shall be thankful if you would send us your latest catalogue and price list along with your terms of business for bulk buyers.

Yours faithfully,

S. GnanaguruVivek
Partner
STUDENT BOOK CENTRE

REPLY TO THE REQUEST FOR CATALOGUE AND TERMS OF BUSINESS

Sultan Chand & Sons, Educational Publishers,
4792/23, Daryaganj, New Delhi 110 002.

December 28, 1994

Mr. S. GnanaguruVivek
Partner, Students Book Centre,
University Campus
PONDICHERRY – 605 014.

Sir,

We thank you for your letter dated December 15, have pleasure in sending you under separate cover a copy of our latest catalogue and price list.

We much appreciate your interest in our publications. Our list prices are subject to a trade discount of 20 per cent and we can offer you an additional commission of 5 per cent in case you order for a minimum Rs.25,000 worth of our publications.

We trust that you will be able to take advantage of our liberal terms and send in your order which will receive our prompt attention.

Yours faithfully,

N. RAMESH CHAND
Sales Manager

REQUEST FOR SUPPLY OF GOODS ON CREDIT TERMS

College Book House,
College Road, Kumbakonam – 612 001.

January 10, 1995

The Sales Executive,
Tata-McGraw-Hill Publishing Company Limited,
4/12, Asaf Ali Road, New Delhi 110 002.

Sir,

We are desirous of stocking your under-mentioned publications for sale:

- (a) Accountancy by Babat, Saiyed and Waze
- (b) Government and Business by d. Amarchand

Please supply at your earliest convenience 200 copies of each title in students' edition. Your bill will be duly settled in 30 days' time.

In view of the large order, we hope that you will allow us your liberal discount.

Yours faithfully

V. sendhil
Managing Partner

LETTER REFUSING THE REQUEST FOR SUPPLY OF BOOKS ON CREDIT

Tata-Mcgraw-Hill Publishing Co., Ltd.,
4/12, Asaf Ali Road, New Delhi – 110 002.

January 16, 1995

Mr. V. Sendhil
Managing Partner
College Book House,
College Road, KUMBAKONAM – 612 001.

Sir,

We thank you for your order of January 10 for our publications.

We are sorry to inform you that we are unable to execute your order without payment in advance. The enclosed *proformainvoice* would show the cost of the order and we will dispatch the books required by you as soon as we receive your cheque.

Pleae not we have allowed you a special cash discount of 5 per cent on the *proformainvoice* price.

Yours faithfully,

V. Vinay Mathur
Sales Executive

Summary

Letters of request when received should receive prompt attention since they provide an opportunity to establish permanent business relationships. Replies to requests may be either positive or negative. Even the negative replies should be written with great tact and courtesy without offending the person making the request. Positive replies must include some sales talk to motivate the reader to act favorably to the suggestions contained in the reply.

Self-examination Questions and Exercises:

1. What are letters of request? Explain the purposes for which such letters may be written?
2. You have received a request from the principal of a newly opened college in Pondicherry for laboratory articles. You find the discount asked for and conditions of supply rather unreasonable. Write a suitable reply to the Principal with a view to making him a regular customer for your goods in future.

LESSON 2.6

COLLECTION LETTERS

Learning Objectives

After reading this lesson you should be able to:

- Understand the need for and nature of Collection Letters.
- Know the precautions to be taken while drafting Collection Letters.
- Know the stages of Collections.

NEED FOR COLLECTION LETTERS

Most of the business transactions are on credit terms only. When the supplies are made on credit together with the attendant benefits of discount, the seller expects that the buyer will pay promptly on the due date. Unless the payment is so made, the sale made by the seller could not be deemed as a sale. Slow and delayed payments not only cause hardships to the seller but also increase his risk in the credit extended to the buyer. Slow collections will pull down the volume of sales as well as the margin of profits. As such, business concerns usually have a separate collection department to follow up the credit sales and ensure timely collections of all overdue accounts. This is done by writing the collection letters. These letters must be written with special tact and skill.

NATURE AND FUNCTION OF COLLECTION LETTERS

Actually, there is no such thing as the 'collection letter' since the collection of overdue accounts involves writing of a series of collection letters and not just one. The collection letter like misfortunes 'come not singly but in battalions known as the collection series'. The collection series is prepared and sent out to the customers on the following assumptions:

1. The customer has forgotten to pay.
2. The customer wishes to be reminded that payment is due.
3. That something is wrong with the goods, the service or the records of the transactions.
4. The ideas of all the previous letters were wrong.
5. The customer is irresponsible
6. The customer will pay only if he is made to pay.

The function of collection letters is to collect the money and at the same time to retain the customer's goodwill. The aim should not be collecting the amount due 'anyhow and somehow'. 'Collect money, but keep the customer' should be the golden rule to be kept in mind. However, the debtors are of many kinds viz., those who are naturally slow from lack of experts at framing all sorts of excuses for deferring payment; those who will be able to pay. Again, their credit rating may be good, fair or poor. Therefore, each one of these categories has to be dealt with suitably.

TECHNIQUES OF WRITING COLLECTION SERIES

All collection letters must be written in a courteous and polite tone. However, the message must be made clear and stated firmly. The success of the collection series depends on the frequency with which the individual letters are sent and the timing of the letters. This depends on many considerations such as whether the customer is regarded as a good, fair or poor credit risk, whether he is engaged in a seasonal occupation like agriculture, and whether he is a retailer or a wholesaler.

In general, the following would be the theme:

1. The first letter is written in a casual tone and the customer is simply reminded that the bill should have been paid on a certain date. It is also very short.
2. If there is no response for the first letter, a reminder is sent.
3. In the third letter the approach stiffens considerably. The writer no longer suggests that the customer has overlooked the payment due; instead the specially asks what is wrong.
4. Even if the third one has not evoked a response from the customer it is presumed that the accounts appears to be in danger. Accordingly, the writer asks for fair play. He may enclose a bill for the customer to sign.
5. In the fifth letter, the customer is reminded about the importance of his credit rating and a hint of legal action is also given.
6. The sixth letter is the final appeal and the customer is reminded of the expense and embarrassment to him. If legal action is initiated.
7. In the final letter, a specific number of days is given to the customer to pay. He is plainly told that he either pays or faces legal action.

It may be observed that the purpose behind writing this series of collection letters is to exhaust all possible peaceful and pleasant steps to recover the amount due before the threat of legal action is given. However, once the threat of legal action is given out, it must be taken to its logical and should not be merely a paper threat.

The collection series given below will enable you to appreciate the points discussed in the foregoing pages.

A CASUAL REMINDER

SARAVANA AGENCIES

30, Godown Street,
Madras – 600 001.

August 5, 1995

The Proprietor,
Hotel Deluxe,
110, Mahatma Gandhi Road
Coimbatore – 641 001.

Sir,

We are sure your customers must have been pleased with our last shipment of Basmathi Rice. As you know, the supply is limited these days, due to export demand. However, we have received, just now, another consignment from our principles, and they are superfine in quality. You can let us know of your requirements before the stock is exhausted.

In the meantime, may we remind you that no payment has been received from you for the last consignment?

Yours faithfully,
A. NITESH
Manager

**LETTER INSISTING ON PAYMENT
SARAVANA AGENCIES**

30, Godown Street,
Madras – 600 001.
August 20, 1995

The Proprietor,
Hotel Deluxe,
110, Mahatma Gandhi Road
Coimbatore – 641 001.

Sir:

This has reference to our letter dated August 5, 1995 concerning your overdue account. Obviously, you have overlooked it and hence this reminder. Will you please send us your cheque for Rs.51,000 in the enclosed envelope by return?

If you have already sent us your cheque, please accept our thanks and disregard this reminder.

Yours faithfully,
A. NITESH
Manager

LETTER ACCOMPANIED BY STATEMENT OF ACCOUNT

SARAVANA AGENCIES

30, Godown Street,
Madras – 600 001.
August 30, 1995

The Proprietor,
Hotel Deluxe,
110, Mahatma Gandhi Road
Coimbatore – 641 001.

Sir,

While drawing your attention to our letters dated 5th and 20th August 1995. We have to state that we neither received your valuable order nor the payment due to us. We, therefore, enclose a Duplicate Statement of Account from which you will note that the total amount due to us is Rs.51,000

We would be happy to receive your cheque in full payment of the dues as well as your valuable orders.

Yours faithfully,

A. NITESH
Manager

LETTER FIXING A DATE FOR PAYMENT

SARAVANA AGENCIES

30, Godown Street,
Madras – 600 001.

September 20, 1995

The Proprietor,
Hotel Deluxe,
110, Mahatma Gandhi Road
Coimbatore – 641 001.

Sir:

We are really surprised to find that you have chosen to take no notice of our letters of 5th, 20th and 30th August 1995 requesting the settlement of your overdue account.

As it is, we must insist on the payment of your account by 30th September 1995.

Yours faithfully,

A. NITESH
Manager

LETTER HINTING AT LEGAL ACTION

SARAVANA AGENCIES

30, Godown Street,
Madras – 600 001.

October 1, 1995

The Proprietor,
Hotel Deluxe,
110, Mahatma Gandhi Road
Coimbatore – 641 001.

Sir,

We are sorry that you have chosen to ignore our previous three letters concerning the settlement of your overdue account running to Rs.51,000. You now leave us no other course than to ask you for payment by return as an alternative to our placing the matter in the hands of our legal advisers.

We need not tell you that legal action is expensive and unpleasant.

We are sure you will agree that we have tried to avoid all unpleasantness, and hope that you will at once attend to the matter.

Yours faithfully,

A. NITESH
Manager

Summary

The function of a collection letter is to collect money on overdue accounts, and at the same time retain the customers' goodwill and patronage. The collection letters are written in a series. All letters in the series must be courteous in tone and should never abuse the debtor. All peaceful steps should be exhausted before the threat of legal action is held out. Once such a threat is given, it must be taken to its logical end.

Self-examination Questions and Exercise

1. What are collection letters? Why are they written in a series?
2. Through how many stages does a letter of collection pass? Explain fully the significance of each stage.
3. 'Collect money, but keep the customer'. Explain the significance of this statement.

4. You have not received replies to the two letters you have sent to a customer who owes you money for a business deal that was completed three months back. Write the third letter that you would send him in this situation.
5. You are a society ladies shop owner. Having regard to the necessity of not offending customers, write a tactful letter to a lady customer whose financial position is believed to be good but who has owed you Rs.5,000 for ten months.
6. Write a letter to a customer who has not paid your bills though you have sent him several reminders by now. Request him pay the bill immediately and avoid legal action. Stress the value of good credit rating.
7. Write letters from the following particulars:
 - (a) Mr. K.Santoshkumar, a customer of Kumaran Stores, has neither settled his account with them nor given any reply to their reminders. Kumaran Stores write a sympathetic letter to Mr. Santoshkumar, inquiring whether he is in financial difficulties and suggesting payment in instalments.
 - (b) Mr. K. Santoshkumarexplains why he has not been able to settle the account, appreciates the mode of payment suggested by Kumaran Stores and encloses a cheque to cover 25 per cent of his debt.
8. You have received a reply to your third letter of collection from a customer, who, while giving explanations for delayed payment states that he was not happy with the quality of service at the time of last transaction. Draft a suitable reply stressing the need for immediate payment and refuting the complaint regarding defective service.

UNIT III

Unit Structure:

Lesson 3.1 - Letters of Inquiries And Replies To Inquiries

Lesson 3.2 - Orders-Placement, Acknowledgement Execution, Refusal and Cancellation

LESSON 3.1

LETTERS OF INQUIRES AND REPLIES TO INQUIRIES

Learning Objectives

After reading this lesson you will be able to:

- Explain the nature and purpose of letters of inquiry.
- Learn the techniques of writing different types of letters of inquiry.
- Master the techniques of writing effective replies to inquiries.

MEANING AND PURPOSE OF MAKING INQUIRES

The dictionary meaning of ‘inquiry’ is ‘seeking for truth, information or knowledge’; ‘a question’; ‘a query’. Therefore, letters of inquiry are written for the purpose of getting information about availability of certain products their prices, the terms of business and the like so that the inquirer can take appropriate decision to further his business interest.

To the person receiving the inquiries, they are procurers of business and open out a vista of prospective business. It may not be an exaggeration if the letters of inquiry are names the ‘Open Sesame’ of the cave of the Forty Thieves.

TYPES OF LETTERS OF INQUIRY

The letters of inquires fall under two categories, viz., (i) the solicited letters of inquiry and (ii) the unsolicited letters of inquiry. When inquiries are made through the medium of letters in response to advertisements soliciting the same, such letters are known as solicited letters of inquiry. Other sources for writing the letters of inquiry are (a) Catalogues, (b) Trade Magazines, (c) Trade Directories, (d) Newspaper reporting and reviews etc., Making solicited inquiry presents no difficulties and the letter is usually very brief – no longer than one or two sentences. For example: ‘Please send us information about the features and cost of Overhead Projectors which you advertised in Indian Express dated March 1, 1995’. The inquirer should, however, be careful to include his full address. If he uses a paper without a letter - head.

However, writing the unsolicited letters of inquiry is somewhat complex and more detailed. These are written to firms with which no previous transactions have been conducted. Therefore, the letter has to be more explicit; references have to be given; a careful description of the kind and quality of goods desired should be stated; should send a ask for samples to preclude any form of doubt and an indication as to whether the purchase is to be made for cash or on credit is also to be made. Wherever possible, referring to catalogues will be ideal and it eliminates any chance of error being committed by the supplier. To induce the seller to give competitive quotations, an indication of the size of the order or quantity required may be also made. But this should not be a mere bluff amounting to cheating.

EFFECTIVE OPENING SENTENCES

You may keep in mind the opening sentences suggested below when writing letter of inquiry:

1. As we are interested in the purchase of We shall be glad to receive your lowest quotations and terms of business.
2. We should be glad to receive your lowest quotations and terms of business for the following goods:
3. We shall be thankful if you could let us have your terms of business for the supply of the following goods in large quantities:
4. As we are interested in replenishing the stocks of the following goods, we should be glad to have your lowest quotations:
5. We are on the point of making a large export of various goods, and it is our intention to include a certain choice items of your line of goods in it.
6. We require samples and your prices of
7. We have received an inquiry from our Middle-East client for the supply of your stainless steel bathroom fittings, and the party concerned has assured us that he is ready to place a large order, if rates are competitive and quality is assured.

EFFECTIVE CLOSING SENTENCES

The letters of inquiry should not only have an effective opening, they must also be concluded on a note of hope, such as 'If prices are reasonable and competitive, a big order will follow'. You may keep in mind the following closing sentences:

1. If you rates are competitive, we propose to cover all our requirements for the season through you.
2. We intend to place a large order if the prices are reasonable.

3. As we are in a position to place orders on behalf of our clients with you regularly, we trust you will offer your most competitive rates.
4. We hope to place a large order, if your quotations are reasonable and terms of business favorable.
5. Should your price and terms of business suit us, and your goods prove satisfactory, we may be able to give you further orders.
6. If your terms of business and rates are suitable, they may lead to enduring relationship between us.
7. We, therefore, request you to state the best terms you can offer, to enable us to place an order with you.

You may now study the specimen letters of inquiry and replies to those inquiries and see for yourself the techniques involved in drafting them.

A LETTER OF INQUIRY GIVING TRADE REFERENCES

Cakes-N-Bakes

Beach Road, Cuddalore – 607 001

November 1, 1995

The Business Manager,
Jupiter Paper Box Makers,
Industrial Estate,
Guindy, Madras – 600 025.

Sir,

We would require 5,000 fancy stiff board boxes in assorted sizes for the coming Christmas Season. Please quote your lowest prices for the undermentioned size boxes stating

The time required for effecting delivery:

20 cm x 30 cm

15 cm x 30 cm

15cm x 15 cm

10cm x 20 cm

We give below address of two firms for reference should you so desire:

1. Messrs. Ashokkumar and Sons,
Wholesalers and commission Agencies
N.S.C. Bose Road, Madras – 600 001.
2. Messrs. Vikash Bros.,
Financiers,
Mint Street, MADRAS – 600 083.

Yours faithfully,
R. Mohan
Proprietor

**A LETTER OF INQUIRY ASKING FOR QUOTATIONS AND TERMS OF
BUSINESS**

Balaji Chit Funds
Temple Square, Madras – 600 004.

March 4, 1995

The Sales Manager,
Chidambaram Envelope Manufacturing Company Ltd.,
Venugopal Pillai Street, Chidambaram – 608 001.
Sir,

Please send us your lowest quotations for the undernoted items stating the time required for deliver:

15 cm x 15 cm. Envelope

20 cm x 30 cm. Envelope

10 cm x 20 cm Envelope

15 cm x 30 cm Envelope

We would require 5,000 envelopes in each size range in two weeks' time initially. Should your terms be satisfactory we would be willing to give you a year's contract.

Yours faithfully,

N. Kishore Kumar
Managing Partner

REPLY TO THE ABOVE INQUIRY
Chidambaram Envelope Manufacturing Company Limited,
Venugopal Pillai Street, Chidambaram 608 001

March 6, 1995

The Managing Partner,
Balaji Chit Funds,
Temple Square, Madras – 600 004.

Sir,

Thank you for your inquiry of March 4, and we are glad to offer you ex-warehouse and for delivery until April 4, our quotations as follows:

15 cm. x 15 cm. Envelopes Rs.30 per hundred

20 cm. x 30 cm. Envelopes Rs.65 per hundred

10 cm. x 20 cm. Envelopes Rs.25 per hundred

15 cm. x 30 cm. Envelopes Rs.60 per hundred

All these envelopes can be supplied, should you desire, with your address duly printed. The minimum quantity for order in each size is 1,000 only. The envelopes can be supplied within seven days of the receipt of your order.

We have quoted our rates so low that other firms will scarcely be in a position to make a more favourable bid and deliver faultless workmanship. May we look forward to your order immediately?

Yours faithfully,
VR. Saravanan
Sales Manager

LETTER TO A DESK TOP PUBLISHER ASKING FOR QUOTATIONS

Nonsuch University
Guindy, Madras – 600 025

March 1, 1995

The Proprietor,
Super Computer Centre
East Car Street, Chidambaram – 608 001.
Sir,

We are interested in publishing a conference souvenir running to about 250 pages. We shall be thankful if you let us know your competitive rates for typesetting the souvenir as per the specifications given below:

Specifications for Page Layout

Page size	: A4 (computer sheet to be used)
Line Spacing	: 1.5
No. of characters per line	: 70
Top and bottom Margins	: 2.54 cms
Justification	: Full
No. of lines per page	: Around 35 printed lines
Size of font	: 12 points (12 characters per inch) (CPI)

We would require delivery within four weeks of placing the order. Please ensure that your quotation reach us on or before June 10, 1995.

Yours faithfully,
M.M. Godbole
Registrar

REPLY TO THE ABOVE INQUIRY

Super Computer Centre
East Car Street, Chidambaram – 608 001.

March 3, 1995

The Registrar,
Nonesuch University
Guindy, Madras – 600 025.
Sir,

We thank you for your enquiry of March 1 and have pleasure to offer you our quotations as below:

Page size	: A4
Line Spacing	: 1.5
No. of characters per line	: 70
Justification	: Full
No. of lines per page	: Around 35
Size font	: 12 points
Quotation	: Rs.7 per page
Payment of bill	: On presentation by us

The quotation we have made is for first-class work and trust it will be found acceptable to you. Should we get your order, we assure you that the work will be executed promptly and to your satisfaction.

Yours faithfully,
G. Ramadoss
Proprietor

A LETTER MAKING AN INQUIRY FOR SUPPLY OF OIL

Working Women's Hostel,
Nehru Street, Madurai – 625 001.

June 5, 1995.

The Sales Manager,
Tata Oil Mills Ltd.,
Kozhikode (Kerala)

Sir,

Please let us know at what rate per tonne and upon what terms you would be able to supply us double refined groundnut oil. If your quotation is favourable and the oil proves satisfactory, we propose to cover all our requirements for the year through you. We will require a minimum quantity of one tone per month.

Yours faithfully,

S. Sivaranjani
Chief Warden

REPLY TO THE ABOVE

Tata Oil Mills Limited
Market Road, Kozhicode

June 10, 1995

The Chief Warden,
Working Women's Hostel
MADURAI – 625 001.

Madam:

Thank you for your inquiry of June 5. We can offer our Double Refined Groundnut oil at Rs.620 per tine of 15 kg. Inclusive of tax, ex-factory with 2 per cent discount against cash in 7 days.

We are in a position to meet all your requirements for the year and shall be pleased to open an account with you if you will provide us with the usual bank references.

As the edible oils market is showing an upward tendency on account of the approaching festival season, this offer will remain open until the receipt of your telegram by return.

Yours faithfully,

K. Tharian Vargheese
Sales Manager

A LETTER OF INQUIRY CALLING FOR SAMPLES

Star Export House,
101, Armenian Street, Madras – 600 001.

March 25, 1995

The Business Manager,
Tiruppur Tex Ltd., Tiruppur,

Sir,

We are interested in the export of knitted vests and banians of all sizes in plain and different colour shades. The materials should stand the quality control tests of export textiles.

Please quote your lowest rates and terms of business sending the samples of vests and banians which you can supply from ready stock.

A satisfactory quotation will be to our mutual advantage.

Yours faithfully,

Mary Joy
Manager

REPLY TO AN INQUIRY FOR SAMPLES AND TERMS OF BUSINESS

Tiruppur Tex Limited,
Car Street, Tiruppur

March 30, 1995

The Manager
Star Export House
101, Armenian Street, Madras – 600 001.

Madam:

Thank you for your inquiry dated March 5 regarding our export quality vests and banians and we have pleasure to quote the following rates:

- Plain of Different Shades (Rates per box of 10)*

Size 80	Size 85	Size 90 and above
Rs.200	Rs.200	Rs.350
- Checks and Stripes (Rates per box of 10)*
(Sizes as above)

Rs.200	Rs.400	Rs.450
--------	--------	--------
- Fancy Designs (Rates, per box of 10)*
(Sizes as above)

Rs.400	Rs.500	Rs.450
--------	--------	--------

The above prices are exclusive of Sales Tax with 5 per cent discount for payment in 15 days.

Your orders can be met promptly from ready stock. Export packing will be charged at the lowest possible rates.

We have enclosed a pamphlet showing the patterns and designs of articles manufactured by us. The samples have been dispatched by separate Registered Parcel Post. All these articles are manufactured by us especially for the export market.

We are sure you will find our quotations very competitive and send in your order, which will receive our best attention.

Yours faithfully,

G. Angaiah
Manager-Export Wing

Summary

All letters of inquiry are procures of business to the person receiving them. They fall under two categories: (1) the solicited and (2) unsolicited letters of inquiry.

The unsolicited letters of inquiry are somewhat complex to write. These letters must be more explicit and carry full details. The letters of inquiry and the replies to such inquiries should have effective opening and closing sentences.

The inquiries may be for quotations: for samples, and for terms of business. All replies to inquiries must be prompt and courteous.

Self-examination Questions and Exercises

1. Explain fully why letters of inquiry should be clear, correct and complete.
2. Draft an inquiry for certain seasonal goods you require urgently.
3. You desire to get a catalogue of your company printed urgently. You approach a printing press and ask them whether they would be willing to undertake the work, and if so, on what terms and conditions. Write the letter making the inquiry and also draft a suitable reply.
4. You are planning to purchase for the coming festival season certain goods which conform to the sample you have with you. Send the sample to the supplier and ask him whether he would be willing to supply the goods which would be exactly similar in texture and quality to the sample you send. Request him also to give quotations and other terms and conditions on which he would be prepared to supply your requirements.

Draft also a suitable reply to the above.

5. You have received an inquiry from Remington Rand Typewriter Company, Madras for the supply of 1,000 wooden crates per month as per specifications sent. Make a quotation soliciting the order. Say that on a year's contract the rates would be lesser.

Lesson 3.2

Orders-Placement, Acknowledgement, Execution, Refusal and Cancellation

Learning Objectives

After reading this lesson you will be able to learn:

- How to write letters placing orders.
- How to write letters acknowledging the receipt of orders.
- How to write letters advising execution of the orders received.
- How to write letters regretting inability of executive the orders received.
- How and when orders already placed may be cancelled.

LETTERS OF ORDER

From the study of the previous lesson you would have acquainted yourself with the nature, purpose and technique or writing the letters of inquiry and the replies to such inquiries. Compared to them, the task of writing letters placing orders are easy to write. However, it does not mean they can be written casually and carelessly. A casually and carelessly written letter placing the order will cause more trouble both to the sender and the receiver. When giving an order, the wishes of the person placing the same should be clearly and carefully stated to avoid further inquiry entailing loss of time and possible the loss of the market as well. The essential qualities of an order are: Clarity, Correctness and Completeness. To ensure these, the following general points may be covered in a letter of order:

1. Description of the quality and quantity of goods required.
2. Quotations, if any
3. Mode of transport.
4. Address to which the goods are to be sent.
5. Time-limit if any.
6. Type of packing required.
7. Insurance to be effected.
8. Any other special conditions
9. Mode of remittance and settlement of account.

An order, which is urgent should be placed telegraphically and should be immediately confirmed by a letter repeating the text of the telegram. Telephone may also

be used confirming the message later through a letter. Orders should always be independent of one another. Do not write 'Same number of the previous order is enough. If a remittance accompanies the order, state its form and amount and then see that it does accompany the order. In the case of the first order, state how payment is to be made and give reference as to your financial standing.

ACKNOWLEDGEMENT OF ORDER

The letters of acknowledgement are known as 'stop-gap letters'. The acknowledgement should be made immediately or else the silence on the part of the receiver may be regarded as equivalent to an acceptance of the order. Even when goods can be dispatched expeditiously, large firms do acknowledge the receipt of the order. It is customary to express thanks for the order repeating the essential points of the order. In practice, however, such a reply is sent only where: (i) the order cannot be executed owing to the goods not being in stock: (ii) an immediate delivery has not been demanded, and (iii) the order has been received by telegram or on the telephone. In the case of the last situation the reply would have been given over phone immediately.

LETTERS ADVISING EXECUTION OF ORDER

Letters intimating the dispatch of the goods as per order are usually sent along with the invoice for the goods supplied. Such letters usually contain the following information:

- a) A reference to the receipt of the order and expression of thanks.
- b) Information as to the execution of the order.
- c) Information as to the dispatch of the goods.
- d) A statement of the amount of the invoice.
- e) Mention of the mode of payment or how the seller intends to reimburse himself, viz., by drawing a bill routed through the correspondent's bank or by debiting the correspondent's account.
- f) An expression of the hope that the goods will satisfy the buyer.
- g) A solicitation for further order.

LETTERS EXPRESSING INABILITY TO EXECUTE ORDER

Sometimes the firm receiving the order may not be in a position to execute it. If so, it must inform the correspondent immediately. The letter must express thanks for the order and then give reasons for not executing it. If the goods can be sent after the date of delivery specified by the party, the fact must be stated. If the goods ordered for, are no

longer stocked or produced, substitutes may be suggested. If the order had been placed by a new party, a polite request should be made for an advance or reference. At times, even if the firm is unable to execute the order exactly in accordance with the party's instructions, it may execute the order on its own terms or supply the next best substitute, provided the order is of urgent nature and the buyer is an old customer and he will be put to difficulty if the goods do not reach him on schedule. But the execution of the order in this manner is equivalent to sending the goods on approval only. The firm must be prepared to take back the goods on approval only. The firm must be prepared to take back the goods in case the party is dissatisfied with them.

CANCELLATION OF ORDER

After placing the order, the party may at times, find it necessary to cancel it. Some of the occasions for cancellation of an order are: (i) Fire accident destroying the business; (ii) Local procurement from a business house closing down; (iii) Decision to remodel show room or shift business premises; (iv) Strike by staff; and (v) Insolvency of the buyer.

The cancellation of the order should be done without any loss of time after the need for it has arisen. The cancellation should be made, preferably by telegram or on the phone and immediately confirmed by a letter. The letter canceling the order or the one confirming the telegraphic and telephone message should state the reasons for doing so and express regret for the inconvenience caused to the seller. An indication about the probable placement of the new order at a future point of time may be given. If the cancellation is owing to inordinate delay in its execution, the letter should specifically point out the same.

If the goods have been dispatched before the receipt of the letter, telegram etc., canceling the order by the seller, the buyer will have to accept the goods.

Now you may be pleased to study carefully the illustrations that are given below:

A LETTER PLACING AN ORDER GIVING REFERENCES

HOTEL DELUXE,
Esplande, MADRAS – 600 001.

December 5, 1995

The Business Manager,
EROTEX LIMITED
E.V.R Road, ERODE
Sir,

We are happy to place with you our order for the following items marketed by you:
100 Single size Bed Sheets – Blue Colour

100 Single size Bed Sheets – Green colour
200 Double size Bed Sheets – White
200 Double size Bed Sheets – Floral Designs in Blue Shade

In view of our bulk order we request you to charge us substantially, lower than the rates quoted in your patterns album for October 1995. The payment will be made to you within one month from the date of invoice. To avoid delay, please send the goods ordered by road transport so as to reach us before December 15, 1995.

We give below the addresses of our bankers for reference should you so desire:

1. Indian Overseas Bank
Nehru Street
Pondicherry – 600 001.

2. Bank of Madura
Aurobindo Street
Pondicherry – 600 001.

Yours faithfully

J. Vasumathi
Manager

LETTER ACKNOWLEDGING RECEIPT OF ORDER
JUPITER PAPER BOX MAKERS,
Industrial Estate, Madras – 600 025.

November 5, 1995

The Proprietor,
Cakes-N-Bakes,
Beach Road, CUDDALORE – 607 001.

Sir,

We thank you for your order of November 1, 1995 and have pleasure in advising you that all the items ordered will be dispatched to you as per your instructions in a week's time.

Yours faithfully,

K. Jayaretnam
Business Manager

LETTER PLACING ORDER

SARAVANA BOOK HOUSE
University Campus, Kalapet,
PONDICHERRY – 605 014.

July 10, 1995

The Sales Manager,
Messrs. S. Chand and Sons,
Daryaganj, DELHI – 110 002.

Sir,

We thank you for your letter of July 2nd and for your catalogue. Please supply the titles listed below by passenger train within a week's time:

1. Manual of Office Managemetn and
Correspondence by
B.N. Tandon - 50 copies
2. An introduction to Business English by
D. Amarchand - 50 copies
3. Income Tax Law and Practice by
M. Bagwathi Prasad - 50 copies
4. Managerial Economics by
R. Elango - 50 copies
5. Advanced Financial Accounting by
M.C. Shukla - 50 copies

Please pack the goods safely and negotiate the documents through the Vijaya Bank,
University Campus, Pondicherry – 605 014.

Yours faithfully,

K. Muthukrishnan
Manager

LETTER INTIMATING EXECUTION OF ORDER

S. CHAND AND SONS,
Daryaganj,
NEW DELHI – 110 002.

July 18,1995

The Manager,
Saravana Book House,
University Campus, Kalapet,
Pondicherry – 605 014

Sir,

While thanking you for your order of July 10, we are to inform you that all the titles ordered by you have been sent to you today by passenger train carefully packed. We enclose a copy of our invoice for Rs.15,550.

The documents have been sent to you through the Vijaya Bank, University Campus Branch, Pondicherry. Please honour the bill on presentation.

We solicit your further orders and assure you of our very best attention.

Yours faithfully,
J.J. Agarwal
Sales Manager

LETTER INTIMATING INABILITY TO EXECUTE ORDER

EAGLE FLASKS LTD.,
Mount Road, MADRAS – 600 002.

April 4, 1995

The Manager
Hotel Airlines
Bangalore – 560 001.

Sir,

We thank you for your order of March 25 for our range of Flasks etc. We very much regret our inability to attend to your order at present due to an indefinite strike on the part of our employees. As such we are denying ourselves the pleasure of serving you for the moment.

We do not know when the strike would end. You will hear from us as soon as normalcy returns.

We sorry for the inconvenience that may be caused to you in this regard and look forward to the pleasure of attending to your order in the near future.

Yours faithfully,
M. Josephine
Business Manager

LETTER REGRETTING INABILITY TO EXECUTE ORDER ON OLD TERMS
EAGLE FLASKS LTD.,
Mount Road,
MADRAS 600 002.

April 4, 1995.

The Manager
Hotel Airlines
Bangalore – 560 001.

Sir,

We thank you for your order of March 25 for our flasks of different sizes.

However, we are too sorry to inform you that we cannot accept your order at the prices quoted to you two months back. The enclosed current price list on our full range of flasks will show that the prices have gone up considerable now.

If the revised prices are acceptable to you, please confirm your order by return of post and we shall be glad to dispatch the goods immediately.

Yours faithfully,
M. Josephine
Business Manager

Encl: One Price List on Eagle Flasks.

Letter Refusing To Execute Order On The Ground That The Customer Is Financially Unsound (But Stating The Refusal In An Indirect Fashion).

EAGLE FLASKS LIMITED,
Mount Road, MADRAS – 600 002.

April 4, 1995

The Manager,
Hotel Airlines
Bangalore – 560 001.
Sir,

We thank you for your order of March 25 for our flasks of different sizes.

We are constrained to state that we are unable to execute your order without payment in advance. The enclosed *Proforma* invoice would show the cost of the goods ordered by you and we will dispatch them as soon as we receive your cheque.

Please note that we have allowed you a special cash discount of 5 percent in the *Proforma* invoice.

Yours faithfully,

M. Josephine
Business Manager

Encl: Proforma Invoice

LETTER ACKNOWLEDGING ORDER POINTING OUT A DIFFICULTY

TATA MCGRAW-HILL COMPANY LIMITED,
Publishers,
4/12, Asaf Ali Road,
NEW DELHI – 110 002.

May 10, 1995

The Manager,
The Students Cooperative Stores Ltd.,
University Campus,
Kalapet,
PONDICHERRY – 605 014.

Sir,

We thank you for your order of May 4 for our publications.

As we have temporarily run out of stock, we are not in a position to supply the title 'Government and Business' by D. Amarchand from ready stock. The copies of the title are not available with our stockists also. However, we shall be dispatching the remaining titles of your order in a couple of days.

We shall let you know as soon as we bring out the revised edition of the title 'Government and Business'.

We are sorry that we have to put you to inconvenience on the above mentioned title.

Yours faithfully,
K.C. Gupta
Business Manager

A LETTER THREATENING TO CANCEL THE ORDER

STUDENTS COOPERATIVE STORES LTD.,
R. Venkataraman Nagar, Kalapet,
PONDICHERRY – 605 014.

May 20, 1995

The Business Manager,
Motherland Book House,
Luz Church Road,
Mylapore, Madras – 600 014.

Sir,

This has reference to our order dated April 20, 1995 for University College text books. We are sorry to find that so far you have not effected supply although you have promised to do so within 7 days of the receipt of our order when we made an inquiry about their availability.

As the educational institutions will be reopening after the summer holidays shortly, we cannot wait for the supply indefinitely. Please treat our order as cancelled, in case you cannot affect immediate dispatch under intimation to us by telegram.

Hope you will appreciate our position in this regard.

Yours faithfully,

S. Sudalaimuthu
Secretary

A LETTER CANCELLING THE ORDER

STUDENTS COOPERATIVE STORES LTD.,
R. Venkatraman Nagar, Kalapet,
PONDICHERRY – 605 014.

May 27, 1995

The Business Manager,
Motherland Book House
Luz Church Road, Madras – 600 014.

Sir,

This has reference to our order dated April 20 and our subsequent reminder dated May 20, 1995.

We are sorry to note that you have not given due attention to our order and have chosen to remain silent. As we are not sure whether you will be able effect supply of the books ordered by us which we need before the reopening of the educational institutions, we are obliged to cancel our order.

Yours faithfully,

S. Sudalaimuthu
Secretary

LETTER FOLLOWING UP AN ORDER BY TELEGRAM
AKSHAYA DEPARTMENTAL STORE,
South Car Street, MADURAI – 625 021.

September 2, 1995

Messrs. Britannia Industries Ltd.,
Godown Street, MADRAS – 600 001.

Gentlemen,

This is to confirm our telegram sent to you today which ran as follows:

‘QUOTATIONS ACCEPTED-REQUEST 100 BOXES OF
MARIEGOLD. IMMEDIATE DELIVERY – AKSHAYA’

Please book our order and kindly inform us when you would dispatch the goods. For the amount of the invoice you may cover yourself by drawing on us at 30 days after sight.

Yours faithfully
R. Meenakshisundaram
Manager

LETTER FOLLOWING UP A TELEGRAM CANCELLING THE ORDER

COLLEGE BOOK HOUSE,
Temple Square, THANJAVUR.

October 10, 1995.

The Business Manager,
Vikas Publishing House Private Ltd.,
Industrial Area, Fashiabad
U.P.

Sir,

This has reference to our order dated September 1, 1995 for the supply of various titles published by you and our telegram sent to you today which ran follows:

“ORDER FOR BOOKS CANCELLED. LETTER
FOLLOWS – COLLEGE BOOK HOUSE”.

We are sorry to note that you have chosen to ignore our order for the last 40 days. This has resulted in loss of business to us besides customer complaints. We are not sure whether you will be able to effect supply at all. In view of this inordinate delay we are obliged to cancel our above cited order.

Yours faithfully,

R. Rajaran
Manager

Summary

Once the parties have agreed to the terms of business, the next stage that follows is the placement of order. When giving an order, the wishes of the person placing the order should be carefully stated to avoid further inquiry entailing loss of time and possible loss of the market too.

When a trader has received an order, he is obliged to give an immediate reply. If the order can be executed immediately no acknowledgement or confirmation of the order is necessary. Other letters arising in connection with order are: Letters advising the

execution of orders, letters expressing inability to execute orders and letters cancelling the orders already placed. The cancellation of orders should preferably be made by telegram. The cancellation or placement of order by telegram should always be followed up by a letter by way of confirmation. The text of the telegram should be repeated in the letter.

Self-examination Questions and Exercises

1. What points a letter of order should contain to make it clear, complete and effective?
2. Enumerate the situations in which the sellers are compelled to acknowledge orders first before executing them.
3. Explain the situations in which a seller is left with no alternative but to refuse the order.
4. Draft a letter of order for certain seasonal goods you urgently require. State specifically that the consignment received later than the date specified will not be accepted.
5. You are a wholesale dealer in stationery and have received an order for 100 Bismi Pens. You do not have them in stock but can supply another variety of pens which you are prepared to supply if the customer wants. Write a letter inducing him to buy the ones you can supply.
6. Happy Homes, who have placed an order with Godrej Company Limited for the supply of 5 Frostfree 165 ltr. Refrigerators two days earlier, now cancel the same since they have learnt in the meantime that the customer for whom these refrigerators were ordered has gone insolvent. Godrej Company Limited regrets the cancellation of another order and expresses the hope that another order will follow. Draft both the letters.

UNIT IV

Unit Structure:

Lesson 4.1 – Circular Letters

Lesson 4.2 - Sales Letters

Lesson 4.3 - Bank Correspondence

LESSON 4.1

CIRCULAR LETTERS

Learning Objectives

After reading this lesson you will be able to:

- Understand the nature of Circular Letters.
- Know the occasions when Circular Letters are sent out.
- Learn the techniques of writing Circular Letters

NATURE OF CIRCULAR LETTERS

Occasions may arise when some information or development in the organization may have to be communicated simultaneously to several persons such as the customers, dealers, shareholders etc., Instead of communicating the message through individually drafted letters. One common letter may be drafted; multiple copies made out and sent to all concerned. Therefore, a circular letter is one which is written to give a definite message simultaneously to a number of interested persons, by preparing a number of copies of the same. But a circular letter is not an advertisement. An advertisement through a medium such as newspapers may be seen or may not be seen by the class of people for whom it is meant. But a circular letter ensures that every person to whom it is mailed reads the message and knows about the purpose for which it has been sent to him. However, a circular suffers from one limitation. Being a common letter, it cannot maintain the ‘you’ attitude and take into consideration the special interest or the aptitude of a particular customer.

A circular letter will have all the features of an ordinary business letter except the inside address and the personalized salutation. The inside address may be inserted separately. The signature also will only be a facsimile signature. However, if a circular letter is to be addressed personally, adequate space should be left to fill in the name and address of the persons to whom they are to be sent. If the personal address of the person is

typed out in the same colour and typeface of the letter, it will acquire the characteristic of a letter individually prepared. The facsimile signature must be in a colour different from that used for the printed message. The addressing of the envelope must not be done in ink and it must always be typed out.

OCCASIONS FOR SENDING OUT CIRCULAR LETTERS

1. Establishment of a new business or extension or closing down of an existing business.
2. Removal of a business to a new premises.
3. Sale and/or purchase of a business
4. Adding a new Department or closing an existing Department.
5. Appointment of a new manager and/or removal, resignation or retirement of the old manager.
6. Changes of representatives or travelling salesmen.
7. Conversion of partnership into a company.
8. Taking a new partner and/or retirement, resignation or death of a partner.
9. Conversion of a proprietorship concern into a partnership or dissolution of partnership.
10. Amalgamation with another business.
11. Opening of a new branch or closing down of an old branch.
12. Expansion of the existing premises.
13. Change of title
14. Changes in policy
15. Instructions to agents, local managers, travelers, etc., concerning changes in prices, discounts, etc.
16. Manufacture of an entirely new product
17. Improvements of the old product.
18. Taking a new agency.
19. Release of an old agency.
20. Announcement of dividend declared and dividend warrant dispatched.
21. Announcement of clearance sales.
22. Granting of power of attorney.

The above is a detailed list of occasions on which the circular letters may be sent out. However, the most common among them are only discussed in detail in the pages that follow.

The lay-out of Circular Letters

While writing the circular letters the following points should be kept in mind:

1. The Purpose for which the circular letter is being written must be made clear.
2. The message must be given in clear terms for the benefit of the person to whom the circular letter is sent.
3. The special purpose for which the circular letter is written must be borne in mind and well brought out. For example, if the letter is to announce the introduction of a new product, full details about its price, quality etc., should be given.
4. It must express the hope that the customer would continue to give his full cooperation and his patronage.

Suggested contents of a Circular Letter for Announcing the Shifting of Business to New Premises

When a business announces the shifting of its business to new premises, the customer hopes such premises would be in every respect better than the old one. In particular, he hopes that the premises would be very spacious, easily accessible etc. Therefore, the following points should be highlighted in a circular letter announcing the shifting of business to new premises:

1. The reason for shifting. (Usually, convenience of customers or expansion of business).
2. The exact address of the new premises and the change in the telephone number, if any.
3. The date from which the business will be transacted from the new premises.
4. The transitional period during which the customers will not get prompt service.
5. The special advantages of the new premises such as it being more commodious and within every reach of the customers, parking facilities, etc.
6. A request to the patrons to bear with the delay in the execution of the order due to shifting.
7. An invitation to the customers to pay a visit to the new premises and see for themselves its advantages.

Circular Letter Announcing the Establishment of a Business

A circular letter intimating the establishment of a new business should contain information enumerated below:

1. The name and style of the business, its full address, and telephone number etc.

2. The date of its establishment.
3. Reasons as to why the new business is being established, what its novel features will be and the way in which it proposes to serve the customers.
4. The qualifications of the owner (s) to run the business, particularly in terms of knowledge, experience of the trade and the capital available.
5. The quality and range of products offered and the competitive prices charged.
6. Facilities offered to customers such as acceptance of all major credit cards, special discounts allowed to mark the opening of the new business and the period for which it is so allowed, air conditioned show room, car parking facilities, door delivery, etc.
7. An invitation to the inaugural function and request for patronage.
8. Reference to the specimen signature of the proprietor or the chief executive.

Circular Letter Announcing Obtaining of an Agency

The contents of a circular letter announcing obtaining of an agency for a certain line of products will be more or less similar to the one sent out in connection with the establishment of a new business. Here, the person who has obtained an agency to sell certain articles in a particular area, announces the fact to the dealers and sub-agents to enlist their co-operation. He tells them about the range of goods that will be available, their price, the promotional support available and the terms of business. He also highlights his trade experience and capital at his disposal. He ends the letter sending samples and publicity materials and soliciting a trial order.

Circular Letter Announcing the Admission of a Partner

The admission of a partner, since changes the constitution of the firm, the fact is communicated to all concerned, and particularly, to the existing customers. A circular letter announcing this change should include in it the following information in particular:

1. The name and address of the new partner, his qualifications, and financial contribution, if any,
2. The date from which has been taken into partnership.
3. The reasons for taking a partner-his rich experience in the trade, technical knowledge, the capital that he invests and his connection.
4. A reference to the specimen signature of the new partner.
5. The change in name of the organizations, if any.
6. An expression of thanks to the customers for their patronage in the past and a request for its continuance in future.

Circular Letter Announcing the Opening of a Branch

A circular letter announcing the opening of a branch should contain information on the following matters:

1. Reasons which prompted the opening of the branch.
2. The exact address of the branch, its telephone numbers.
3. The date from which the branch will start functioning.
4. The name of the person who will be in charge of the branch and his credentials to serve the customers.
5. A request to the customers to direct all their orders to the new branch to ensure prompt service.
6. An expression of thanks to the customers for their patronage in the past and a solicitation of their patronage in the future as well.

Now you may study carefully, the specimen circular letters given below and note how far they fulfill the norms of a circular letters so far discussed in detail.

CIRCULAR LETTER ANNOUNCING THE ESTABLISHMENT OF A NEW BUSINESS

Rajashree Agencies,
Lawrence Road,
CUDDALORE – 607 002.

Dear Sir / Madam:

June 1, 1995

It gives us great pleasure to inform you that we have commenced business today as distributors of PRITHIVI LPG Cylinders under the name and style of

‘RAJASHREE AGENCEIES’

At 30, Lawrence Road, Tiruppapuliur, cuddalore 607 002. Our telephone number is 22222.

We have two decades of experience in this line of business at Pondicherry and this will enable us to serve your needs efficiently.

Besides supplying you PRITHIVI LPG cylinders we can also supply ISI Gas Stoves. We also undertake servicing of Gas Stoves and exchanging of old ones for the new stoves of your choice.

We will release new connections the same day on which you ask for it. The supply of refills within two hours of booking in our specialty. Buying gas stoves from us is not obligatory on your part.

We solicit your patronage and assure you of our very best service.

Yours truly,

S. Sivaranjani
Manager

CIRCULAR LETTER ANNOUNCING THE SHIFTING OF BUSINESS PREMISES

VIKASH JEWELLERS,
North Usman Road,
T. Nagar, MADRAS – 600 017.

April 4, 1995

Dear Customer,

For the last few years we were planning to shift our business to an area which would be more convenient to our valued patrons whose number has increased to be great extent during the last two years. Having completed the construction of our own premises last week, we have planned to move it on coming April 10, 1995. Our new business premises will be situated at:

333, Venkatanarayana Road,
T. Nagar, MADRAS – 600 017.

We intend to start operating from this new address from April 10 after suspending business for a day on April 9, 1995 to enable shifting. We request you to put up with inconvenience this may cause you for a day in meeting your requirements.

Our new premises is more commodious and is fully air-conditioned for your convenience. Ample parking facility will be available for your vehicles. A full air-conditioned fast-food parlor has been attached too.

Our new telephone numbers will be: **859984, 8599948, 8599933**

We invite you to grace our opening ceremony with your presence and see for yourself the facilities that have been created for your shopping comfort.

Yours faithfully,
N. Ashok Kumar
For VikashJewellers
Managing Director

CIRCULAR LETTER ANNOUNCING THE ADMISSION OF A PARTNER

AKSHAYA PROVISIONS STORE,
144, Bazaar Street, BANGALORE – 560 001.

August 1, 1995

Dear Sir, /Madam:

The expansion of our business and the opening of our branch at the Majestic Circle has necessitated additional assistance and investment of capital. As such we have taken Mr. R. Srivatsan our manager as our partner from 1st August 1995, Mr. Srivatsan needs no introduction to you for he has been with us for the last 15 years and has been largely responsible for the growth of our business. Besides, he has brought in the additional capital to enable the firm function efficiently.

Consequent upon the admission of Mr.R. Srivatsan as a partner, hereafter wards our legal status will be that of a partnership fir,. However, we have decided not to change the name and style of our business. Needless, to add that our policies too will remain unchanged and customers will continue to receive the same attention.

We request you to take note of the specimen signature of Mr. R. Srivatsan given below:

Specimen Signature of Mr. R. Srivatsan

.....

We take this opportunity for placing on record our special thanks to all of our customers without whose support and patronage we would not have grown in this business in this city.

Yours truly,
S. Sendhil.

**CIRCULAR LETTER ANNOUNCING THE DESPATCH OF DIVIDEND
WARRANT**

UNIT TRUST OF INDIA

S.A. DAVE
Chairman

June 22, 1995

Dear Investor

We are pleased to enclose dividend warrant on your investment in Unit Scheme 64. 1994-95 was a very difficult year from the point of view of funds management, but we have been able to maintain the dividend or 26% on increased unit capital after the rights issue this year. This dividend after taking into account 1:5 rights issue at Rs.14.80 made in December, 1994, gives a yield of 17.35% per annum on July, 1994 sale price of Rs.16.50.

Booking of profits on equity is an integral part of income earned under Unit Scheme '64. Today US '64 has an equity portfolio of 45% and this should hold a good promise for income in future when the market prices rise.

This year, we saw a very large scale withdrawal of units by the corporate sector due to liquidity crunch they are facing and complete withdrawal of tax benefits through Section SOM of the Income Tax, we had excellent response, from individuals and sales to individuals alone increased to more than Rs.1, 000 crores. Unit Capital at the end of June, 1995 is likely to be Rs.15, 300 crores as compared to Rs.12,020 crores at the end of June, 1994. The number of unit-holding accounts now exceed two crores.

There would be an attractive price offer in the first fortnight of July, to be followed up in the second half of July, though may not be of same magnitude.

You repose your trust in us and we will endeavor our best to keep up the glorious traditions of the scheme.

Yours sincerely,

S.A. DAVE

Summary

Circular Letters are meant to give a definite message simultaneously to a number of persons. Occasions on which the circular letters are sent out include: establishment of new business, obtaining of agency, shifting of business premises, admission of a partner, declaration of dividend etc. Circular letter is not merely an advertisement. It will have all the features of an ordinary business letter except the inside address. Even that can be typed out individually to give a personal touch. The address on the envelope should not be written in ink and should always be typed out. The circular letter should not be crowded. It may include some sales talk and should solicit patronage of the customers.

Self-examination Questions and Exercises

1. Explain the role of Circular Letters in an organization.
2. Bring out the difference between Circular Letters and Advertisements.
3. Admission of a partner has necessitated a change in the name of a firm. Draft a circular letter to be written on this occasion and include in it all information that such circulars are expected to carry.
4. Draft a circular letter announcing the closure of a Department in your business.
5. You have decided to shift your show room to another locality in the town. Draft a circular letter announcing this to your customers.
6. Draft a circular letter on behalf of Shivram Associates. N.S.C. Bose Road, Pondicherry, the Sole Distributors for Bombay Dyeing Fabrics, drawing attention of the retailers to the arrival of new stock and special discount and concessions offered for the coming festival season.
7. A TO Z Stores, Pondicherry were forced to suspend business for two months because of extensive renovation work undertaken at their premises. Draft a circular letter from the stores to the customers announcing that regular business will start from a particular day. Mention special features to attract customers

LESSON 4.2

SALES LETTERS

Learning Objectives

After Reading this lesson you will

- Understand the nature and purpose of Sales Letters
- Learn the techniques of writing effective sales letters
- Appreciate the need for and importance of follow-up letters.

NATURE AND PURPOSE OF SALES LETTERS

A sales letter is completely different from a circular although both the types of letters are created in large numbers meant for sending to large number of persons. The purpose of writing and sending a circular letter is to 'tell'. But a sales letter is sent not only to 'tell' but also to 'sell'. It is an instrument of advertising and can also be called the postal commercial travelling salesman. The sales letters are written on the belief anything that can be sold, can be sold by mail also. Such mail order sales are generated mainly through the use of sales letters.

You may remember with advantage the success story of Dewitt Wallace, the founder editor of the Reader's Digest magazine in this context. When he wanted to start the magazine in 1921 he was not sure about the reader's support. So, he personally typed out letters to prospective people-teachers, professors, nurses, preachers, women's club members etc., describing the features of his magazine and offered a commitment 'the subscription could be cancelled and all money would refunded if the reader was not satisfied'. There were no cancellations, no requests for money back. These letters from the editor laid the foundation of the now internationally famous Reader's Digest magazine with a circulation of 27 million copies to 17 languages. Even today, the publishers of this magazine bank heavily on selling by mail through the medium of effective sales letters and their subsequent follow up.

Businessmen use the sales letters for diverse purposes such as (a) making direct sales, (b) inviting inquiries, (c) preparing the ground for their salesmen. (d) Announcing and testing of new products and services, (e) building up goodwill and (i) signing up new dealers and for reinforcing the dealer's efforts.

TECHNIQUES OF WRITING SALES LETTERS

Special techniques are called for in drafting a sale letter because it has to persuade the reader and prepare him to buy a product which he had not planned to buy; having prepared him to buy, make him buy. This is easily achieved by keeping in mind the prospect and the product. The whole message in the sales letter must be reader-oriented and the things should be viewed through the mind of the prospective buyer. 'You' attitude is particularly important. The letter must tell the reader how the product is designed to satisfy him in all possible ways. It must create a curiosity in the mind of the reader and provide him adequate knowledge of the product as well. AIDA formula is to be remembered in writing the sales letter. That is, it should be designed and written up to attract the reader's ATTENTION (A), arouse his INTEREST (I), create a DESIRE (D) and induce him into ACTION (A) in that order. One paragraph each may be devoted for these four functions in the sales letter. The techniques that may employed in this connection include: a) beginning the sales letter with a pertinent question: (b) beginning the sales letter with a split sentence. (c) beginning with a courteous command and, (d) beginning the sales letter with a statement of significant fact.

Now, you may study the examples given below and use them in practice:

Use of Pertinent Questions

Do you want promotion? Are you satisfied with your present job and salary?

A Split Beginning

We have been in business for 50 years serving

A Courteous Command

Don't read this if you are weak-hearted? Don't read this if you have provided enough for your dependents against your premature death.

'A stitch in time saves the life of nine'.

EFFECTIVE OPENING SENTENCES FOR SALES LETTERS

A Sales letter should have an indirect opening and not a direct opening. It must be remembered that it is written essentially to 'tell' about the product and persuade the reader to buy. Therefore, the opening sentences must attract the attention and arouse the curiosity to know what the seller has to offer. In fact, the opening sentence of a sales letter is likened to a Star which attracts and guides. The following examples should tell you the importance of this technique.

- (a) 'It must seem early to be thinking of the Puja and Divali Festivals'
- (b) '1000 x 60 = Rs.160.007?'
- (c) 'The tiny acorn has become a sturdy oak. Now let's add a few more inches to the height'.
- (d) 'May be you are one of the countless readers of our magazine who have been asking us...

The openings such as the above, will not only succeed in attracting the attention of the reader but also will create a desire to know in detail what the seller has to offer to him.

EFFECTIVE CLOSING SENTENCES

In the closing paragraph, the prospect must be motivated into action by convincing him of the merits of the product and assuring him that he stands to gain everything and stands to lose nothing by acting on the letter.

- (i) 'You have nothing to lose – and perhaps much to gain by using the enclosed self – addressed envelope which requires no postage'.
- (ii) 'Act now' and you will never regret it'.
- (iii) 'The coupon below will bring you a copy – without obligation. Won't you sign and mail it today?'
- (iv) 'But this is very important we must have your reply before Friday the 22nd September 1995'.

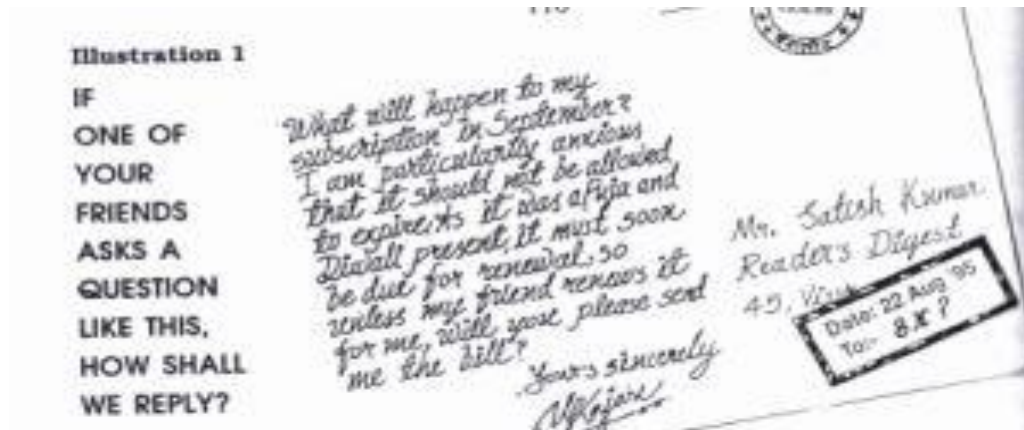
FOLLOW-UP LETTERS

Even the best sales letter sent out to the prospect cannot be expected to make him act after its receipt straight away. In fact, the first sales letter may not even be taken seriously by the prospect. Therefore, it is necessary to follow it up with a series of sales letters with fresh appeals, arguments and announcements. Each one in the series of follow up letters should be treated as another sales letter, and not just a reminder or duplicate copies of the first sales letter. The process of sending out the follow-up sales letters should be continued till the writer is convinced that the prospect is not interested in the product. In fact, the writer can even ask the prospect to communicate even his negative response using the self-addressed envelope enclosed on which no postage need be paid.

The original sales letters – the first as well as two second follow-up ones-given below may be studied by you with advantage. Illustration 1 is the first in the series which opens with extracts of a letter received from the receiver of the gift subscription for

Reader's Digest magazine. The second one is the follow up of the first sales letter. Even though the second sales letter has succeeded in evoking the desired response from the prospect, a detailed third one also had followed the second.

You are advised to particularly note the 'YOU' attitude maintained throughout in these letters, and the style of opening and closing paragraphs.



Dear Subscriber:

All this time of the year, we get many letters like the one above from people who received Digest subscriptions as a Puja and Diwali gift last year.

I am sure that you will understand how difficult it is for us to know how to answer such letters. For, with the festivals only a few weeks away, many subscribers have not yet told us whether they wish to renew the subscriptions which they gave as presents last year. Our experience is that few subscribers will allow their gifts to expire. But their generosity is hardly something that we can take for granted while replying to their friends!

So, in order to avoid any possible misunderstanding or disappointments for your friends. I am writing again to ask what you intend to do. To make it as easy as possible for you to send us your instructions, I am also sending you a second copy of your personal gift list and another set of savings stamps.

FABULOUS DISCOUNT PRICE OFFER

Remember, you are this year entitled to a sensational 35% discount on all your subscriptions. You may renew your own all your gift subscriptions at a big Rs.119 discount on each. This discount represents the difference between the full price of a year's subscription and its cost to you. The gift is worth Rs.342.00 (plus Rs.22.00 for postage

and handling) but all it costs you is Rs.223.00 (plus Rs.22.00 for postage and handling). And even this reduced amount is not payable until later.

Please take a moment now to look at your personal gift list which is enclosed. You will find on it your own name, and the names of those to whom you gifted subscriptions last year. To renew these for twelve more months, simply stick a Rs.119 Savings Stamp in the space next to each name, and show us alongside how you would like us to put your name on the Greetings Card with which we shall announce your gift.

And it is possible that, since last year, you may have thought of others to whom you would like to gift a Reader's Digest subscription – perhaps a friend you met on holiday, your child's new teacher, or a nice neighbor. We would like to make it as easy and economical for you to add them to your list by giving you an opportunity to enter up to two additional gift subscriptions at 35% less than the regular price – that is, only Rs.233 (plus Rs.22.00 for postage and handling) each.

To do this, simply write the additional names (not more than two, please) on your Gift Service Order Form, affix a Rs.119 Savings Stamp next to each name, and return the entire form to us in the enclosed postage paid envelope.

IMMEDIATE REPLY NECESSARY

But And this is very important We must have your reply before

Friday the 22nd September 1995

Because of your rather special association with us, we naturally want to give you the best possible service. But time is running short, and we need your instructions now. So please turn to your gift list right away while it is still in front of you, follow carefully the few simple instructions, and return it to us today. You need pay nothing now. And your handsome Diary for 1996 will come to you with our best wishes for a Happy Festival.

Yours sincerely,

Satish Kumar
For Reader's Digest

P.S. If you have already sent us your Gift Order, please ignore this letter which would have been posted before your instructions could be registered. But, you may, if you wish, use the enclosed order form to order further new gift subscriptions.

Illustration 2



RCI PRINT & PUBLISHING PVT. LTD, 45, Vajra Kothak Marg, Bombay 400 038.

**YOU CAN STILL
SAVE UPTO
Rs. 595
ON YOUR PUJA AND DIVALI GIFTS
BUT PLEASE HURRY!
IT IS LATER THAN YOU THINK**

28th September 1995

Dear Subscriber,

We have made our message too big to overlook because we do not want you to miss this very special opportunity to save Rs.119.00 on each of your Puja and Divali gifts.

Use the above Savings Stamps today and you are still in time (but only just) to take advantage of a special offer which Reader's Digest is making this year to RENEW ALL GIFT SUBSCRIPTIONS – AND YOUR OWN – AT A FABULOUS DISCOUNT.

MOREOVER, you may this year order up to two additional gift subscriptions also at this CUT-PRICE – each subscription for only Rs.223.00 (plus Rs.22.00 for postage and handling), compared to the full price of Rs.342.00(plus postage and handling)

With the money you save on your Reader's Digest gifts, you can buy extra presents for your family AND get a handsome 1996 diary as a free gift to you from us.

In one minute now, you can do your present-buying from the comfort of your home-and pay nothing until later.

What is more, everyone enjoys The Digest. And people who have acquired the 'Digest habit' during the past year, will find life very dull without it.

So please look at your gift list now-follow the few simple instructions and return it to us in the enclosed, post-paid envelope. We shall announce your gift with a beautiful Greetings Card, personalized with your name. We shall gift-wrap the first issue of your 12-in-1 Digest gift, and post it to arrive during the Festive Season. All you do is sit back and look forward to "thank you" letters and telephone calls from your friends, and of course, savour the contents of the world's most popular magazine, month after month.

BUT WE MUST HAVE YOUR INSTRUCTIONS IMMEDIATELY, WITHOUT FAIL.

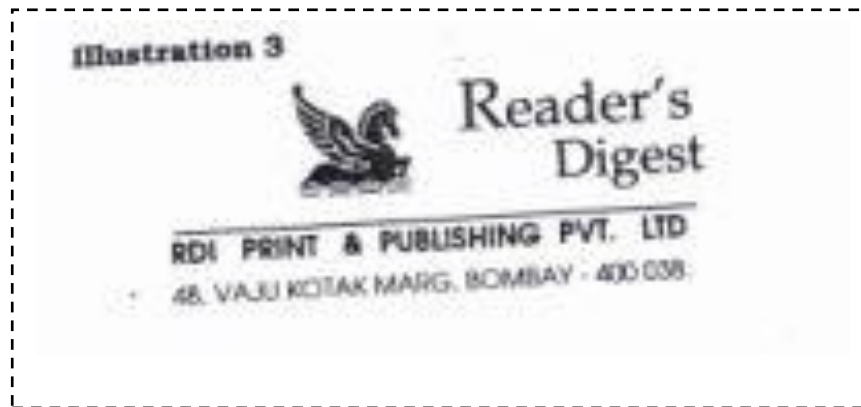
Please post them today!

Yours sincerely,
Satish Kumar
for Reader's Digest

P.S. If you have already sent us your Gift order, please ignore this letter, which would

which would have been posted before your instructions could be registered.

But by all means use the privilege Order Form to order extra gifts for new friends.



Dear Friend,

I am delighted to learn that you take full advantage of our attractive Puja and Divali offer, to make aRs.199 cash saving on Reader's Digest annual subscriptions and also get a Free 1996 Desk Diary for yourself.

This means that each subscription to The Digest ordered by you (see details, on the reverse) will cost you only Rs.245 (plus the amount charged by the post office as money order commission), compared to the normal annual subscription cost of Rs.364 (plus post office commission). The next 12 issues of the magazine have been reserved against your order, to be sent month after month. In case of gift orders, a specially designed card has already been posted to your friend/relative announcing your generous gift.

You must now be eagerly looking forward to your handsome 1996 Desk Diary. To ensure that you receive it safely, I have arranged to send the same by registered post. And

to enable you to remit the subscription amount without any botheration whatever, we have made us of the post office's convenient VPP service.

Thus, within the next week or so, you should expect a visit from your local postman (or an intimation note left under the door) with the news that your packet has arrived. Please accept the VPP by paying the subscription (plus the amount charged by the post office as money order commission). And if you are unlikely to be at home when the VPP reaches. Kindly leave necessary instructions with someone else in the house.

Although it normally takes 3 to 5 weeks for the VPP payment to reach us through the postal network and be registered in our accounts, your money is in safe hands and handled with care. Therefore, please allow a few weeks for the subscription/s to commerce.

The post office will inform us directly about your acceptance of the VPP. As soon as we hear from them, we will start service on your subscriptions by dispatching the first copy of the Reader's Digest immediately. Subsequent copies will be mailed, month after month, for the balance eleven issues.

Thanking you and assuring you of our best services.

Yours sincerely,

Satish Kumar
For Reader's Digest

P.S. Please preserve the wrapper in which your 1996 Diary arrives by VPP.

It constitutes a bonafide proof of payment. We can serve you much faster if, in any future communication with us, you quote the VPP number and dated stamped on the wrapper.

Summary

Sales letters are written and sent out to prospective customers not only to sell but also to tell. They are the postal commercial travelling salesmen. Mail order business thrives much through the use of sales letters. The AIDA formula should be remembered while drafting the sales letters.

Certain special techniques such as beginning the sales letter with a pertinent question, with a split sentence, with a courteous command, with a statement of fact etc., are to be effectively employed in writing the sales letters.

The opening and closing paragraphs in a sales letter must be written effectively.

One sales letter may not be enough to make the prospect to act. Follow up sales letters are also necessary.

Self-examination Questions and Exercises

1. In what respects is a sales letter different from a letter of quotations?
2. How does a sales letter differ from a circular letter?
3. Explain the various elements in the layout of a sales letter.
4. Why is the opening of a sales letter likened to a star?
5. What are follow-up letters? Why are they written?
6. Write a sales letter to promote the sale of a new text book on Business Communication System recently published by you.
7. Draft a sales letter soliciting subscription to your magazine along which you are bringing out the Special Annual Number which is priced at Rs.50 but offered free to the subscribers.

LESSON 4.3

BANK CORRESPONDENCE

Learning Objectives

After reading this lesson, you will be able to know.

- Some of the occasions for a bank to enter into correspondence with its customers.
- Types of enquires that may be received by a bank from its customers.
- Enquires from fellow bankers and the replies to such enquires.
- Occasions for sending letters to the Head Office of the Bank.

SCOPE OF BANK CORRESPONDENCE

In India, we have the branch banking system. Customers may open with a branch of the bank concerned, several types of accounts such as Savings, Current and Fixed Deposit Accounts. They may also ask for several other facilities such as overdraft facilities, cash credit facilities and loans. The overdraft and cash credit facilities are granted by banks to the existing account holders. However, the loans may be sought even by new parties. Except in the case of well-established customers, the banks will usually insist on adequate against securities, the bank will do so after keeping a margin on the value of the securities, the bank will do so after keeping a margin on the value of securities. That is to say, if the securities are worth Rs.10,000, loan or overdraft may be granted, for example, only for Rs.7,000, with a 30 per cent margin on the securities taken. If the value of the accepted securities of depreciates subsequently, due to changes in their market value, as in the case of quoted shares, and even gold, the customer will be asked to deposit additional security or reduce the borrowing by remitting cash into his account. All these will necessitate receiving of letters and sending replies to them.

Likewise, correspondence may arise between one bank and another. This mostly relates to status enquiry about a party at the instance of the customer of one of the banks.

This is necessary because the traders cannot get the information on the status and financial standing of the customers directly from their banks. They must get the required information only through their bank. It is customary among banks to respond to such enquires as part of their professional obligations. However, the bank giving the

information will ask the bank receiving the information not to disclose its identity to anyone. It will also make it clear that either itself or any of its officers assume no responsibility whatsoever for the opinion stated or information given. But this does not mean, the information given by them is not to be relied upon or report is given irresponsibility. It is only to protect the interests of the bank giving the information which is bound under law to keep the secrecy of its customer's account under all circumstances. If it violates this rule, its customer can claim damages from the bank concerned.

Apart from the correspondence with customers and fellow bankers, a bank will have to also enter into correspondence with its Head Office. Such correspondence usually relates to obtaining sanction from the Head Office for granting loans to its customers in excess of the authorized limit. It may also send periodical reports. However, most of the correspondence of this nature are carried through printed proposal forms. Such proposals will be filled in by the Branch Manager stating separately his opinion and recommendation in the remarks column. There may also be letters relating to the promotion, appointments or dismissals of employees of the branch concerned.

Therefore, we may classify the bank correspondence as follows:

- a) Correspondence between a bank and its customers
- b) Correspondence between a bank and its Head Office
- c) Correspondence between a bank and the outsiders
- d) Correspondence between one bank and another.

PRINCIPLES TO BE BORNE IN MIND IN DRAFTING LETTERS TO OR FROM BANKS

All the general principles of business letters viz., brevity, accuracy, clarity, courtesy and tact apply fully for bank correspondence as well. One additional principle in bank correspondence is 'secrecy'

Under the existing law, a bank is expected to maintain secrecy about he accounts and other affairs of its clients. Even when a status enquiry is received, the banker should not divulge the actual amount standing to the credit of his customers. He should not also injure the credit rating of his customers.

Now you may study the specimen letters given below involving the bank, its customers, and fellow bankers.

Letter Informing a Customer that his Account Stands Over Drawn

MADRAS COOPERATIVE CENTRAL BANK

Armenian Street, MADRAS – 600 001.

June 10, 1995

Mr. S.K. Chellakumar,
Senior Partner
The Coramandal Exporters
ThambuChetti Street, Madras – 600 001.

Dear Sir,

Ref: Your Current Account with us

After honouring your cheque No.RR 20089 dated June 5, 1995 for Rs.5000 your current Account stands overdrawn by Rs.3,200. But you have no overdraft arrangement with us. As our rules do not permit us to allow overdrafts with previous arrangement, you are required to remit us to allow overdrafts with previous arrangement, you are required to remit the amount overdrawn at your earliest.

Yours faithfully,

N. Vijayakumar
Branch Manager

LETTER FROM A CUSTOMER SEEKING OVERDRAFT FACILITIES

SUN TRADERS,

114, Big Bazar Street, THANJAVUR

September 4, 1995.

The Branch Manager,
City Union Bank Ltd., THANJAVUR

Sir,

Ref: Our Current Account No.04044

We have already placed several big orders with the leading watch makers in India for replenishing our stocks of watches, timepieces, and wall clocks etc., the goods will be arriving soon for clearance. As we are temporarily short of working capital, we request you to permit us to overdraw our account up to Rs.2, 00,000 during September – October 1995.

We propose to furnish as security 1,000 Master Equity shares of U.T.I. We assure you that we shall put our account in credit by the first week of November 1995.

We trust you will find the security offered adequate and grant us the required overdraft facility.

We await your early reply.

Yours faithfully,

KR. Ramanathan
Senior Partner

BANK'S REPLY TO THE REQUEST FOR OVERDRAFT FACILITY

CITY UNION BANK LTD.,
Trichy Road, THANJAVUR

September 6, 1995.

Mr. K.R. Ramanathan,
Senior Partner, Sun Traders,
114, Big Bazar Street
Thanjavur.

Dear Sir,

This has reference to your letter dated September 4, 1995 asking for overdraft facilities. Going by the market value of the securities proposed to be offered by you, it is not possible to grant you overdraft facility in excess of Rs.150, 000. However, if you can furnish additional acceptable securities you can avail the required amount of overdraft facility.

Assuring you of our best service.

We remain

Yours faithfully,

C.R. Natarajan
Branch Manager

**LETTER TO A CUSTOMER ASKING FOR ADDITIONAL SECURITIES
CITY UNION BANK LTD.,
TRICHY ROAD, THANJAVUR**

October 5, 1995.

Mr. K.R. Ramanathan,
Senior Partner,
Sun Traders, 114, Big Bazar Street
Thanjavur.

Dear Sir,

This has reference to the overdraft arrangement that you have with us against the security of U.T.I's Master Equity Shares. At their present market value, the advance limit of your securities after deducting the margin amount is only Rs.1,20,000 whereas the balance due from you at the close of business on October 5, 1995 is Rs.1,45,000.

Therefore, please furnish additional securities to cover the depreciation in the value of securities already with us. Alternatively, you may remit a sum of Rs.15, 000 in reduction of the amount overdrawn.

You are required to give your immediate attention to this matter.

Yours faithfully,

C.R. Natarajan
Branch Manager

**LETTER FROM A CUSTOMER ASKING FOR CASH CREDIT FACILITIES
AGAINST HYPOTHECATION OF STOCK-IN-TRADE**

LUNAR GAS AGENCY,
Nandhikoil Street,
Teppakulam, TIRUCHIRAPALLI – 620 002.

November 2, 1995.

The Branch Manager
State Bank of India, Tiruchirapalli – 620 002.

Dear Sir,

While recalling with gratitude the cash credit facilities extended to us in the past, we write this to request you to grant us a cash credit of Rs.2, 00,000 to enable us to clear the forthcoming consignment of gas cylinders from our principals.

We are willing to hypothecate our stock as cover for the cash credit sought from you. We await your early advice.

Yours faithfully,

K. Suriyaprakash
Proprietor

**REPLY FROM THE BANK STATING THE CONDITIONS TO GRANT THE
REQUEST**

**STATE BANK OF INDIA,
N.S.C Bose Road,
TIRUCHIRAPALLI – 2.**

November 4, 1995

Mr. K. Suriyaprakash
Proprietor,
Lunar Gas Agency
Nadhikoil Street, Trichy – 602 002.

Dear Sir,

With reference to your request for cash credit facility for Rs.2, 00,000 dated November 2, 1995, we have to inform you that our Regional Office has permitted us to sanction the required facility against the hypothecation of your stock-in-trade subject to the following conditions:

The stocks proposed to be hypothecated must be stored duly insured with an approved insurer. The insurance policy must be duly assigned to us.

You may call on us on any working day, and after fulfilling the conditions you can readily avail of the cash credit facility required by you.

Yours faithfully,

K. Santhanam
Manager-Personal Banking

STATUS ENQUIRY FROM A FELLOW BANKER

Indian Overseas Bank
West Car Street, Mylapore,
Madras – 600 004.

July 12, 1995

The Branch Manager
State Bank of India
First Line Beach, Madras – 600 001.

Dear Sir,

Sub: Confidential Status Enquiry

We shall be obliged if you would kindly inform us of your opinion as to the means, standing and respectability of the party whose name and address is given in the slip attached to this letter. Any information that you may pass on to us will be treated strictly confidential.

We shall appreciate a prompt reply and shall be glad to reciprocate your courtesy.

Yours faithfully,

P. Gnanasekaran
Branch Manager

Encl: One Slip

REPLY TO THE ABOVE

STATE BANK OF INDIA,
First Line Beach, Madras – 600 001.

July 14, 1995

The Branch Manager,
Indian Overseas Bank
Mylapore, Madras – 600 004.

Dear Sir,

Sub: Status Enquiry – Information Furnished.

With reference to your confidential enquiry of July 12, 1995 we send the enclosed report in the strictest confidence and without any responsibility on the part of this bank or any of its officers.

The report is sent on the condition that the name of this bank will not be disclosed in the event of our report passed on by you to any of your customers.

Yours faithfully,
K.R. Srinivasalu
Branch Manager

Encl: One confidential Report

ANOTHER FORM OF RELY TO THE STATUS ENQUIRY

STATE BANK OF INDIA,
First Line Beach,
Madras – 600 001.

July 14, 1995.

The Branch Manager,
Indian Overseas Bank,
Mylapore
Madras – 600 004.

Dear Sir:

Ref: Your confidential Enquiry dated July 12, 1995.

The firm enquired by you in your letter cited above enjoys a good reputation here. The partners are well connected and possess adequate funds to carry on their business. They are thorough men of business, esteemed and well-spoken in the local business circles.

Please note this report is given in strictest confidence and without any responsibility on the part of this bank or any of its officers.

The name of this bank should not be disclosed in any event.

Yours faithfully,

K.R. Srinivasalu
Branch Manager

Summary

The bank correspondence may be classified into four categories, viz., (i) Correspondence between a bank and its customers, (2) Correspondence between a bank and the outsiders. (3) Correspondence between a bank and its Head Office, and (4) Correspondence between one bank and another.

In all these correspondence the general principles of drafting business letters should be borne in mind. However, in bank correspondence the special principle to be borne in mind is not to reveal the actual state of affairs of the accounts of the customers or maintain their secrecy of account.

Self-examination Questions and Exercises

1. How many types of Bank Accounts can a customer open?
2. How can a customer avail of the loan, cash, and credit and overdraft facilities from a bank?
3. A Banker receives an enquiry from a businessman about the financial standing of one of the banker's customers. Draft a reply from the bank. (Hint: Banks do not entertain such requests from individuals. The individual should be advised to route his request through his own banker).
4. Write a letter as from the Manager of a bank to a customer who persists in overdrawing his account without previous arrangement, requesting him to close the account.
5. A customer writes to his bank complaining about increased bank charges appearing in his Pass Book. Write a suitable reply on behalf of the bank giving reasons for the charges.
6. A businessman writes to his bank that owing to excellent business prospectus on account of the approaching Deepavali, he should be granted overdraft facility to the extent of Rs.1, 00,000 for one month without security. Draft the banker's reply.
7. The manager of a bank receives a letter from another bank inquiring about the financial status of a client who has asked for a big loan for a short period. The manager replies advising a little caution in granting a loan to the client without adequate security. Draft the letter of inquiry as well as the reply to the inquiry.

UNIT V

LESSON 5.1

AGENCY COMMUNICATION

Learning Objectives

After reading this lesson you should be able to understand

- The need for appointing agents.
- The art of writing letters seeking agency.
- The art of writing letters offering agency
- The art of asking for explanation from agents who are poor in performance.
- The art of writing letters terminating agency.

MEANING OF AGENCY AND KINDS OF AGENTS

An agency or agent is a person or unit who is given authority by some other person or a unit to act or represent the person or unit granting the authority. The agent represents the principal. The principal may be a manufacturer or a wholesaler or a sole distributor. The agents work for a commission on sales including *delcredere* commission if any, in addition to reimbursement of all disbursements on sales promotion, etc. A *defcredere* commission is demanded by agents in addition to the normal commission on sales for taking responsibility for selling goods on credit and collecting dues without claiming bad debts. The principal paying the *delcredere* commission stands fully protected against bad debts.

AGENCY COMMUNICATION

Sometimes established agencies offer their services on their own initiative or in response to offer through press from the manufacturers themselves. Correspondence in connection with receiving of proposals to act as agents and the acceptance thereof are known as agency letters. After the appointment of agents, occasions may arise to ask for explanation for poor performance etc., from them and take appropriate follow up actions such as giving promotional support or terminating the agency for unsatisfactory performance.

HOW TO DRAFT A LETTER SEEKING AGENCY?

The application or letter seeking agency should contain all relevant information about the applicant's standing and experience in the trade, his knowledge of local conditions, his business connections, and the facilities at his disposal, viz., godown, showroom, delivery vehicles, after sales service facilities etc., The terms on which the party is prepared to work must also be given or the terms of agency may be asked for. Two or more bank and trade references should also be furnished. While concluding the letter an assurance to protect the interests of the manufacturer should be given.

LETTER OFFERING AGENCY

Once a manufacturer decides to grant the agency to an agent seeking the same, he will send an agreement setting out the terms of appointment to be signed and returned by the party seeking agency. This agreement will be signed by the manufacturer also and is a legally binding document. The main clauses which every agency agreement contain are: Area or territory allotted to the agent, period of appointment, terms of commission, periodical progress returns to be submitted, publicity and advertising, and arbitration in case of disputes.

The letter from the manufacturer offering the agency should contain the following points:

- a) Acknowledgement of the application for agency.
- b) Offer of agency and the terms of offer.
- c) The duration of appointment
- d) A reference to the agency agreement enclosed for the signature of the agent and return.
- e) A reference to the current catalogue and price lists sent under separate mail.
- f) An expression of the hope that the agent will work for the mutual advantage.

LETTER ASKING FOR EXPLANATION FOR POOR PERFORMANCE

When the agents do not measure up to the expectations of the manufacturer, he cannot be allowed to continue forever. Therefore, the agent will be asked to explain why his performance is not satisfactory and why he is not punctual in sending his periodical progress reports. The tone must be courteous but firm. If the explanation offered is satisfactory, the agent may be informed about the steps taken by the manufacturer to improve the agent's performance. If not, the agency may be terminated with effect from a

particular date giving time to the agent to wind up his business and the manufacturer to settle the agent's account.

Now you may proceed to study the examples that follow:

LETTER SEEKING AGENCY

GURU AGENCIES
101, Lawrence Road,
CUDDALORE – 607 002.

March 4, 1995

The Marketing Manager,
Chettinad Cement Corporation Ltd.,
Rani Seethai Hall,
Anna Salai
Madras 600 006.

Sir:

This has reference to your advertisement in the Hindu dated March 2, 1995 inviting applications from interested parties to stock and sell Chettinad Cement in the major towns of Tamilnadu. We are willing to serve as your agents in Cuddalore Town.

We have been dealing in building materials, particularly, in steel rods, for the last twenty years and represent several leading manufacturers. We have built up a vast clientele and we can render useful service in marketing your cement. We have got all infrastructure facilities, like godwons, delivery lorries, showrooms etc., beside comfortable working capital.

Our terms are 15 percent commission and the reimbursement of all sales promotion expenses.

We give below the address of our bankers for your reference should you so desire:

Bank of Madura Ltd.,
South Car Street
Tiruppapuliyur
Cuddalore – 607 002.

We assure you our fullest co-operation, should you decide to appoint us as your agent in Cuddalore.

Yours faithfully,
S. GNANAGURU
Senior Partner

LETTER GRANTING AGENCY

CHETTINAD CEMENT CORPORATION LTD.,
Rani Seethai Hall,
Anna Salai, Madras – 600 006.

March 12, 1995

The Senior Partner,
Guru Agencies,
101, Lawrence Road,
Cuddalore – 607 002.

Sir,

This has reference to your letter dated March 4, 1995 offering your services to stock and sell our cement at Cuddalore as our agents.

We are happy to appoint you as our agents at Cuddalore on the terms suggested by you, viz, 15 percent commission on sales and reimbursement of all sales promotion expenses. However, the initial appointment is only for a period of two years. At the end of the term, we shall be only too glad to continue your agency after a review of your performance.

If this is acceptable to you, you may please sign and return the enclosed agreement form.

We are sending you under separate mail a price list of our products along with order form.

We look forward to an enduring and mutually profitable business association with you.

Yours faithfully,

SR RAMANATHAN
Marketing Manager

**A LETTER INSISTING ON THE AGENT TO BE FUNCTUAL IN SENDING HIS
REPORT AND ASKING HIM THE REASONS FOR THE POOR SALES**

DOSHI AND DOSHI
TEA HOUSE
COONOOR

February 15, 1995

Messrs. Saravana Agencies
144, Bazaar Street
PONDICHERRY – 605 014.

Dear Sirs:

While acknowledging receipt of your monthly statements for October and November 1995, we are constrained to state our disappointment with your performance. You are not only irregular in sending in your monthly reports but also have allowed the market to slip out of your hands. For the last six months, there has been chronic irregularity on your part and our appeals have gone unheeded.

From the statements relating to October and November we find an alarming decline in sales of our product. No such trend is noticed by us from other areas. Naturally it worries us.

We are not aware of any unusual difficulties that you may be facing in measuring up to our expectations. At least now you may take us into confidence and let us know the reasons for the fall in sales and the delay in submission of the periodical returns.

Needless to add that we cannot permit the situation to continue any longer, and hence we insist on having your specific reply within seven days of the receipt of this letter.

Yours faithfully,

S. ARVIND
Manager-Marketing
DOSHI AND DOSHI

REPLY FROM THE AGENCY TO THE ABOVE

SARAVANA AGENCIES

144, Bazaar Street
Pondicherry – 14

February 20, 1995

The Marketing Manager
Doshi and Doshi
'Tea House'.
Coonoor.

Dear Sir:

Thank you for your letter dated 15.02.1996 expressing your concern over our delayed submission of monthly statements as well as the fall in sales noticed.

At the outset let us assure you that we had not at all been slack in promoting the sales of your products. The heavy promotion campaign by our major competitor in this area particularly, has taken a heavy toll of our business. We have drawn your attention to this problem in our monthly report as early as June 1995. All along we were hoping that you will come to our rescue by spelling out the strategy to meet the competitor a promotion campaign. Though you did not give us any specific directive in this direction. We were doing our best to make your products move as fast as possible. In fact, this is causing us a great loss every month. If you send your field officer to make an on-the-spot assessment, the whole picture would come out clear.

Our concern for falling sales and our extra attention to the market have made us slack in sending in our monthly reports. Here afterwards we assure you promptness in this regard.

We would very much appreciate your telling us the steps proposed to be taken by you to meet the promotion campaign of our competitor.

Assuring of our very best co-operation.

We remain

Yours faithfully,
VR. SARAVANAN
Senior Partner
SARAVANA AGENCIES.

LETTER ACCEPTING THE EXPLANATION OFFERED FOR POOR SALES

DOSHI AND DOSHI
'TEA HOUSE'
COONOOR

March 15, 1995

The Senior Partner,
Messrs. Saravana Agencies,
144, Bazaar Street,
Pondicherry – 605 014.

Dear Sir,

Thank you for your letter of February 15, 1995 explaining the circumstances under which the sales in your area during the recent past had fallen. We quite agree with you that our competitor's promotion campaigns had seriously affected your performance. After careful deliberations we have decided to ask you to clear off the present stock with you at a discount of 15 percent. This course, besides helping you to overcome competition, will also help you to clear the stock before they become old.

We hope that you will not find any difficulty to dispose of the stock. We would like to request you to send a fortnightly statement of sales instead of monthly as you have been asked to do so far. This will enable us to assess the result of the reduction in the prices of the goods.

Should you need any other help from us please take us into confidence.

Yours faithfully,

S. ARAVIND
Marketing Manager

**LETTER INTIMATING TERMINATION OF AGENCY FOR UNSATISFACTORY
PERFORMANCE
DOSHI AND DOSHI
'TEA HOUSE'
COONOOR**

March 15, 1995

The Senior Partner,
Messrs. Saravana Agencies
144, Bazaar Street
Pondicherry – 605 014.

Dear Sir,

We thank you for your letter dated February 15, 1995 offering explanation for the delay in sending your monthly statements and the fall in sales of our products.

Your explanations giving reasons for your poor performance are not acceptable to us. The sale of our other agents has been steadily improving in most of the areas. In no area, there was any fall in sales for any reason whatsoever, leave along the heavy sales' promotion campaign by our competitor in the field.

We are therefore, led to believe that you are not interested in continuing our agency and so, we have decided to terminate your agency with effect from May 15, 1995. This period of two months will be utilized to settle all outstanding commitments by you and settle the account with us. You should not accept or canvass for any new business. We expect your last statement as on 14th April 1995 and we assure you that the final settlement will be made within a week's time thereafter.

Yours faithfully,

S. ARVIND

Marketing Manager
Doshi and Doshi

SUMMARY

An agent represents the principal in the latter's dealings with the outside world. The principal may be a manufacturer or a middleman like the wholesaler or sole distributor. Business communication regarding agency may relate to seeking agency, offerings agency, asking for explanation for poor performance on the part of agency,

offering special assistance to improve performance of agents and termination of agency. All communications should keep in mind the principles of courtesy, firmness and clarity.

Self-Examinations Questions and Exercises

1. Explain the need for agents.
2. Who are *delcredere* agents?
3. State the essential contents of a letter seeking agency voluntarily in response to a press advertisement inviting applications.
4. Messrs. Vivek and Co., Madras offer their services to act as agents to SPIC, Guindy, Madras – 600 025. ‘They have excellent connections throughout Tamilnadu. They give bank and trade references and express willingness to accept a commission of 5 percent with quarterly settlements by bank draft.
 - (i) Draft the letter as from Messrs. Vivek and Co.
 - (ii) Draft a suitable reply to the above accepting the offer.
 - (iii) Draft a suitable reply to the above accepting the offer
 - (iv) Draft a negative reply rejecting the offer, giving reasons.
5. Write a tactful letter to one of your agents, informing him that his sales are much lower than those of other agents. Insist on his forwarding reports very regularly. Ask him to meet your sales Organiser visiting a neighboring town.
6. Draft a letter to Messrs. Nutrine Confectionery Limited, Chittoor intimating them that you no longer desire to be their agents after the expiry of the present contract. Give suitable reasons.
7. Messrs. Sendhil and Saravanan who represent Bharat Petroleum Company, stocking and selling LPG gas, write that the competitors are giving better discount to their agents. Draft a suitable letter as from Messrs. Sendhil and Saravanan and a reply from the Bharat Petroleum Company stating why higher commission cannot be given to the company’s agents.
8. Write a letter from an agent stating that he would find it difficult to market the goods if the prices were raised. Give reasons.
9. Write, in reply to the manufacturer’s letter, giving reasons for the fall in the sales of a product. Ask him not to feel disheartened and state that the sales were bound to pick up soon.
10. Draft a letter addressed to your manufacturer complaining about the deteriorating quality of the products supplied in the recent past.

LESSON 5.2

INSURANCE CORRESPONDENCE

Learning Objectives

After reading this lesson you should be able to learn the techniques of writing letters relating to:

- Enquiry about the rate of premium for effecting insurance on properties.
- Enquiry asking for reasons for the higher rate of premium asked for.
- Claim for the property destroyed by fire.
- Enquiry about the loan available against the surrender value of the policy.
- Replies from the insurer in respect of the above.

NATURE OF INSURANCE CORRESPONDENCE

Insurance is a contract between the insurer and the insured whereby the latter undertakes to make good the loss that may be suffered by the former due to the risk that is insured against. All contracts of insurance except life and accident insurance are contracts of indemnity. But the life and accident insurance are contingency contracts of indemnity. This is because in the case of life and personal accident insurance. It is not possible to value the loss suffered in terms of money. As such, the sum assured will be paid. In the case of life insurance the sum assured will be paid either on death or on survival of the fixed term agreed under the policy. Except life insurance policies other policies of insurance do not acquire surrender value. Accordingly the policy holder can take loan against the surrender value of his life policy in case of need. As soon as the claim arises, the insurer should be intimated and after receiving the claim forms they must be duly filled in and sent back to the insurer.

To successfully write the insurance correspondence you should have a working knowledge of the various branches of insurance, viz., life, fire and marine. It is not within the scope of this lesson to discuss the principles of the various branches of insurance and we shall be confining ourselves to a study of the various forms of communication that usually passes between the policy holder and the insurance company.

We give below a few specimen correspondence. You are advised to make yourself familiar with the exact meaning and significance of the situations under which they may be written.

**LETTER ENQUIRING ABOUT THE RATE OF PREMIUM FOR EFFECTING
INSURANCE ON A PROPERTY**

S.N. FINANCE AND INVESTMENTS LTD.,
33, Rama Street,
West Mambalam,
MADRAS – 600 033

June 1, 1995

The Oriental Fire and General Insurance Company,
Anna Salai
MADRAS – 600 002.

Sir:

We are desirous of taking out an insurance policy against the risk of fire on our newly constructed showroom styled ‘ Khatod Plaza’ at 33, Rama street, West Mambalam, Madras – 600 033, and the stock of goods in it.

The value of the building along with its fixtures and fittings is Rs.50, 00,000 while the stock of consumer durables such as T.V. Sets, Washing Machines, Wet Grinders etc., fluctuates between Rs.5, 00,000 and Rs.7, 50,000.

We wish to take out a policy for the full value of the building and against stock in trade for the minimum amount viz., Rs.5, 00,000 only. We may add for your information, that we have ten fire extinguishers installed in the building at strategic points as a safety measure, on the advice of our architects.

Please let us know the rate of premium that will be charged by you to effect the insurance desired by us.

Yours faithfully,

N. Ashok Kumar
Managing Partner

**REPLY FROM THE INSURER QUOTING THE PREMIUM TO EFFECT AN
INSURANCE ON PROEPTIES AGAINST RISK OF FIRE**

ORIENTAL FIRE AND GENRAL INSURANCE COMPANY

Anna Salai,
MADRAS – 600 002.

June 5, 1995

Mr. N. Ashokkumar,
Managing Partner,
S.N. Finance and Investments Ltd.,
33, Rama Street
West Mambalam,
Madras – 600 033.

Sir:

We thank you for your letter dated 1.6.1995 expressing your desire to take out policies on your building and stock in trade against risk of fire. We much appreciate your thoughtfulness in this regard.

We have pleasure to state that the premium to cover the properties mentioned by you against the risk of fire would be 7.5 percent of the value per annum. We hope you will find our rates very reasonable and return the enclosed formal proposal forms duly filled in.

On receipt of the formal proposal form we shall arrange for the inspection of the properties and the speedy issue of the policy.

Yours faithfully

R.Srivatsan,
Branch Manager.

LETTER SEEKING CLARIFICATION ABOUT DISCREPANCY IN PREMIUM RATE

VR. SENDHIL
10, M.G. Road
BANGALORE – 560 001

September 1, 1995

The Branch Manager
L.I.C. of India
Bangalore – 560 001.

Sir,

Sub: Payment of arrears of premium on lapsed policy – Clarification sought.

Ref: My policy No.355978080 for Rs.25, 000 and your letter dated August 25, 1995.

With reference to the statement given by you regarding the amount of premium etc., to be remitted by me for the revival of my lapsed policy, I write this for clarification of the following point.

The premium on my above cited policy is stipulated at Rs.88.80 p.m. only. You have, however, calculated the premium at the rate of Rs.93.80. I do not remember to have received any communication from you informing me of the enhancement of the premium amount.

Please let me know the reasons as to why the premium is now calculated by you at the rate of Rs.93.80 per month instead of Rs.88.80

On receiving the above information, I shall remit the amount for the due revival of my lapsed policy.

Yours faithfully,

VR Sendhil

**REPLY TO THE POLICYHOLDER STATING THE REASON FOR THE HIGHER
PREMIUM CHARGED**

LIFE INSURANCE CORPORATION OF INDIA

Bangalore Branch Office,
BANGALORE – 560 001.

September 10, 1995

Mr. VR. Sendhil
10, M.G. Road,
Bangalore – 560 001.

Sir,

Sub: Policy Number 385978080-Revival-Clarification on enhanced premium
demanded.

Ref: Your Letter dated 1.10.1995.

We are in receipt of your letter dated 1.10.1995. As regards the increase in premium from Rs.88.80 to Rs.93.80 p.m. We have to inform you that the premium was stipulated at Rs.88.80 as the policy was taken by you under the Salary savings Scheme with your then employer. The Registrar, Bangalore University. As per the special conditions printed on the back of the policy, the premium would stand automatically increased, if the payment of premium is discontinued under the Salary Savings Scheme.

Since your policy was discontinued from the Salary Savings Scheme with effect from March 1, 1995 when you left the service of Bangalore University, you are liable to pay only the enhanced premium and not the one stated on the policy itself.

Please let us know the name and address of your present employer, if any, to enable us to consider whether you should be allowed to have the benefit of Salary Savings Scheme with a reduced premium of Rs.88.80.

If you still have any doubts, you may call on us on any day working day.

Yours faithfully,

R. Aravamudhan
Branch Manager

LETTER SEEKING A LOAN AGAINST LIFE POLICY

V. Balasubramaniam,
15, Subbiah Nagar
PONDICHERRY – 605 003

August 16, 1995

The Branch Manager,
Life Insurance Corporation of India,
PONDICHERRY – 605 001.

Sir:

Sub: Request for loan against policy on own life.

Ref: Policy No.234598760 for Rs.30, 000.

I am desirous of taking a loan against my above cited policy to meet the medical expenses incurred in the treatment of my ailing father. I shall be obliged if you will let me know the maximum amount of loan that could be sanctioned to me.

I shall be thankful for an early reply.

Yours faithfully,

V. Balasubramanian

**LETTER INTIMATING THE INSURER ABOUT THE FIRE ACCIDENT AN
MAKING A CLAIM FOR LOSS OF STOCK**

VIKASH AGENCIES
Auroville,
PONDICHERRY

March 30, 1995
The Branch Manager,

Oriental Fire Insurance Company,
Gandhiji Road,
Pondicherry – 605 001.

Dear Sir:

Sub: Fire Accident in the Insured Godown – Intimation – Claim for loss of
stock – regarding.

Ref: Our Policy No.3256987

We regret to inform you that a severe fire broke out in our godown at 111. Auroville, Pondicherry at about 6.50 p.m on 29.3.1995. It was first noticed by one of the residents of the locality who at once summoned the fire brigade by telephone. By the time the fire brigade arrived at the scene, the stock in the premises were completely gutted and it took several hours for the fire brigade to put out the fire at about 12 midnight. I arrived at the scene by 7.20 p.m. having been informed of the accident by the watchman by 7.05 p.m

In the opinion of the police and the fire brigade officer, the probable cause of fire was short circuiting.

According to my estimate, stock of the value of Rs.2, 47,000 had been destroyed.

Please let me know the particulars that we should furnish for preferring our claim for loss of stock to the extent of Rs.2, 47,000

Yours faithfully

M. Kailash
Manager

**SETTLEMENT OF CLAIM FOR LOSS BY FIRE – EXPLANATION CALLED
FOR
ORIENTAL FIRE INSURANCE COMPANY**
Gandhiji Road,
PONDICHERRY – 605 001.

April 5, 1995

Messrs. Vikash Agencies
Auroville
Pondicherry.

Dear Sirs:

Sub: Settlement of Claim – Policy No.3256987.

Ref: Your Claim dated March 30, 1995

Immediately on receipt of your claim dated March 30, 1995 under the above policy we deputed our surveyors to investigate into the cause of fire and also submit their assessment report on the extent of loss suffered by you. We have their reports now on our hand.

The survey report confirms your contention about the short circuit being the probable cause of fire. But it had drawn our attention to the following discrepancies:

1. The watchman did not call the fire brigade and the fire brigade received the call at 7 p.m. from the residents of the locality only. Had the watchman been on duty, he would have noticed the fire earlier and the fire could have been brought under control without much loss.
2. The inspection of the salvaged material from the site has revealed that along with the chemicals, you had also stocked Crackers which have been declared as a hazardous item. The list submitted by you did not include this item, and hence we are constrained to draw your attention to the specifications stipulated in the policy against hazardous goods like crackers.
3. Therefore, before we settle your claim we would like you to explain the discrepancy seen in the list submitted by you and the actual stock, in the light of the surveyor's report received by us.

Yours faithfully,

G. Doss
Branch Manager

**REPLY FROM THE INSURED OFFERING EXPLANATION TO THE
OBJECTIONS BY THE INSURER FOR SETTLING THE CLAIM MADE**

VIKASH AGENCIES
Auroville,
PONDICHERRY

April 9, 1995

The Branch Manager,
Oriental Fire Insurance Company,
Gandhiji Road,
Pondicherry – 605 001.

Dear Sir:

Sub: Fire Policy No.3256987 – settlement of claim – explanation offered for
points raised.

Ref: Your letter dated April 5, 1995.

In response to your letter cited above calling for explanations from us in connection with the claim made by us on our fire policy we have to state the following:

1. It is true that our watchman was not on duty when the fire broke out and it was left to the people of the locality to inform the fire brigade. But it does not mean that the fire went unnoticed for a long time of 30 minutes between 6.30 p.m. during which period the watchman had been away from his post. The local residents did inform the fire brigade immediately after breaking out of fire.
2. In regard to the stock of crackers, we submit that although we have not made a specific declaration, you will observe that we have declared in our proposal that we were the stockists for Wimco Matches, Sivakasi. As such we had two cases of crackers, which were stored separately in accordance with the warranty clause contained in the policy issued to us.

Therefore, we submit that the absence of the watchman or the presence of the two cases of crackers could not be considered to be the contributory factors either to cause the fire or spread it.

Under these circumstances, we request you to appreciate the genuineness of our claim and settle it expeditiously please.

Yours faithfully,
M. Kailash

LETTERS ACCEPTING THE EXPLANATION OFFERED BY THE INSURED
ORIENTAL FIRE INSURANCE COMPANY
Gandhiji Road,
PONDICHERRY

April 21, 1995

The Manager,
Vikash Agencies
Auroville
Pondicherry

Dear Sir,

Sub: Your Fire Policy No.3256987 – Settlement of Claim made Regarding.

Ref: Your letter dated April 9, 1995.

In the light of the explanations offered by you to the objections raised by us and the surveyors' report in regard to the fire that broke out in your premises, it has been decided to settle your claim for Rs.2,05,000 as against your claim for a higher amount. The salvage will be at your disposal.

We feel confident that you will accept this as the final settlement and return to us the enclosed claim form duly filled in and signed. On receipt of these forms, we will send you the cheque for the full amount.

Yours faithfully,

G. Doss
Branch Manager.

Encl: One set of Claim Forms.

SUMMARY

Although a contract of insurance is a contract of indemnity, life insurance is an exception to this principle. The main branches of insurance are life, fire, marine and accident. Except the life policies, others do not acquire surrender value and hence the policyholder cannot take loan on them. The consideration for the contract of insurance is the payment of premium. If the premiums are not paid as agreed, the policy will lapse. However, the lapsed policies can be revived with the consent of the insurer. This applies to life insurance contracts only. When claim arises due to the attachment of the risk, the insurer must be notified and the necessary claim forms obtained for due filling.

Self-Examination Questions and Exercise

1. What is insurance?
2. What are the objects of insurance?
3. What is surrender value?
4. What is lapsing of policy?
5. Why does not the principle indemnity apply to life insurance?
6. You desire to cover your new godowns covered against fire.

Write a letter to a fire insurance company giving them all details and ask for the premium that may be charged.

7. Write a letter to the Life Insurance Corporation stating that your desire to revive your life policy which was considered by them as 'Paid-up' because of the non-payment of premia.
8. Draft a letter to the LIC requesting them to let you know the surrender value of your life policy.
9. Make a claim for damages to your property by fire. Give the cause of fire and the estimate of the damage. Also draft a reply to the above asking for proof of death and succession certificate.
10. As a legal heir, write to the LIC requesting them to make the payment on the policy to you because of the death of the policyholder. Also draft a suitable reply to the above asking for proof of death and succession certificate.

LESSON 5.3

IMPORT AND EXPORT COMMUNICATIONS

Learning Objectives

- Procedure involved in the import and export of goods.
- The nature and significance of the documents used in the import and export trade.
- Writing letters as from the various parties to the transaction and the replies thereto.

You will be able to learn the above and the incidental matters relating thereto after reading this lesson.

IMPORT TRADE PROCEDURE

Imports may be either direct or indirect. In the case of the former, the importer places the order, known as the indent directly with the exporter or his agent in the foreign country. In the case of the latter, he routes his indent through a reputed Indent House located in his home country. The steps involved in the import trade are

1. Procurement of Licence and quota
2. Procurement of foreign exchange
3. Obtaining Letter of Credit
4. Placing Indent or order
5. Receiving the Advice Note
6. Clearing the Documents
7. Completing Customs and Clearing Formalities
8. Making the payment.

Licence and Quota: The Imports and Exports (Control) Act of 1947 provides the legal framework for control over imports. Under these regulations, no goods can be imported into India without the permission of the Central Government and a valid import licence. This licence may be a general licence, in which imports are allowed from any and every country, or an individual licence, where specific licence is granted for imports from a specified country. The Government of India announces from time to time. A list of commodities which can be imported by obtaining a general permission only. This list is known as 'Open General Licence List' (OGL). Then a quota certificate can be obtained which specifies the quantity and the value of the goods allowed as imports.

Foreign Exchange: After the licence and quota have been obtained, the importer has to make arrangement for the availability of foreign exchange from the country from which he intends to import goods. In India, under the Exchange Control Act, the importer has to prepare an application, which has to be endorsed by a Foreign Exchange Bank on the presentation of the import licence. When the application is approved by the Reserve Bank of India the importer gets the necessary amount of foreign currency from the foreign bank concerned. These formalities must be first completed before approaching the bank for a Letter of Credit and placing an Indent.

Letter of Credit: Unless the importer proves his credit-worthiness to the foreign exporter, he may demand a certain amount a deposit or even the full payment of the price before the shipment of the goods. Therefore, the importer usually arranges with his banker for the issue of Letter of Credit in favour of the exporter. This Letter of Credit will contain an undertaking by the issuing bank that the Bills of Exchange drawn by the foreign dealer or exporter on the importer will be duly honoured on presentation to the extent of the amount specified in the letter. This type of credit is usually confirmed and irrevocable in nature.

Indent or Order: The importer has to place an order with the exporter giving instructions as to his requirements. This order is known as 'Indent'. Generally, this indent specifies the important terms and conditions of the transaction along with a detailed description of goods ordered. Such indents may be either closed, open or confirmatory. In a Closed Indent, all particulars like the brand name of the goods, specific prices and information concerning the order are given in detail. In the case of an Open indent, the selection of the goods and other details such as packing, marking etc., are left to the exporter or the agent of the importer in the foreign country. In the case of Confirmatory indent, the confirmation that is approval, of the importer or his agent is necessary. Usually, indents specify all such details as packing, marking, insurance, time of shipment, name of the ship, port of destination etc.,

Advice Note: After the due shipment of goods, the exporter sends an advice note intimating the dispatch of goods and the probable date of the ship's arrival at the port of destination. Only on receipt of this advice note, the importer will have to clear the documents from the bank to which they would have been sent by the exporter for collection of the dues to him.

Documentary Bills: The advice note is followed by documentary bills of Exchange which are usually presented by a banker for payment or acceptance. It is called as Documentary Bills of Exchange because, it is accompanied by other documents such as invoice, insurance policy, Bill of Lading, Consular Invoice, Weight and Measurement Certificate and Certificate Origin. This bill of exchange may be documents against payment (D/P) or documents against acceptance (D/A) bills. In the case of D/P bills the documents will be released by the banker only on payment of the bills either at the time of presentation or within a specified period. If the importer fails to make payment, the banker is authorized to sell the goods on behalf of the exporter. In the case of D/A bills, the banker is only instructed to hand over the shipping documents to the importer when he gives requisite acceptance on the bills of exchange. To cover the possible risk of non-payment, the banker usually obtains a Letter of Hypothecation which empowers the bank to sell the goods in the open market, if required.

However, such acceptance or payment of the documentary bill is not necessary in case the importer has arranged for a Letter of Credit in favour of the exporter. In such cases, the exporter's Bill will be accepted in the foreign country itself by the correspondent bank or branch of the bank which issued the Letter of Credit.

Bill of Lading: Bill of Lading is a document wherein the shipping company gives its official receipt for goods shipped in one of this vessels, and also contracts to carry them to the port of destination. This Bill of Lading is a document of title to goods and is generally prepared in triplicate. One copy is handed over to the captain of the ship and the third is retained by the shipping company for its record.

Consular Invoice: It is a document needed for purposed of easy clearance of goods at the port of destination in the importing country. The exporter gets this document from the consul of the importing country duly signed and sealed. This certificate enable payment of import duties without difficulties.

Certificate of Origin: This document states the country of origin of imported goods so as to make preferential treatment in respect of customs duties. This certificate also is usually given by the Consul or authorized person or by the Secretary of a Chamber of Commerce. Certificate of Origin has become more important with the emergence of the European

Economic Community (EEC) and the European Free Trade Area (EFTA), which gives privileges to goods of member countries.

Customs and Clearance Formalities: Clearing Agents are usually engaged by the importer to avoid the difficulties and complications of clear formalities. These agents fulfil the customs formalities, clear the goods from the port, and make arrangement for the dispatch of the goods to the warehouse of the importer. They will send the Railway Receipt either through a Bank or direct to the importer as agreed between them. After obtaining the R/R, the importer takes delivery of the goods from the railway. He would then remit the sum due to the clearing agents by means of Cheque.

Now you may proceed to study carefully the specimen letters.

LETTER PLACING AN INDENT

JUPITER TRADING COMPANY LIMITED
Importers and Exporters,
Town Hall Road,
MADURAI – 625 001. (Tamil Nadu)
INDIA

July 10, 1995

The Business Manager,
The Melbourne Dairy Corporation,
Cathedral Road,
Melbourne, AUSTRALIA

Dear Sir:

We are happy to send our Indent No.3303 for Rs.5, 000kgs. of Lur Brand Butter in 1 kg tins and shall be glad if you arrange to ship the goods at your earliest but not later than August 14, 1995. Please pack the tins in wooden boxes to avoid damages during transit.

Please effect the necessary insurance and draw on us for payment through our bankers, the Bank of Madura, Madurai.

We are enclosing the Letter of Credit issued by the Bank of Madura, Town Hall Road, Madurai.

Please acknowledge receipt of our instructions.

Yours faithfully,
V. Sendhil Kumar
Manager

Encl.: Indent No.3303
Letter of Credit

LETTER ACKNOWLEDGING THE RECEIPT OF INDENT

MELBOURNE DAIRY CORPORATION

Cathedral Road,
Melbourne, AUSTRALIA

July 20, 1995

The Manager,
Jupiter Trading Company Limited,
Town Hall Road,
Madurai – 625 001.
Tamil Nadu
India.

Dear Sir:

We thank you for your Indent No.3303 dated July 10, 1995 for 5,000 kgs. Of Lur Brand Butter in 1 kg. tins. We have initiated steps to ship the consignment as per your instructions per S.S. Tamil Nadu scheduled to sail from Sydney on July 27, 1995.

Yours

faithfully,

John A. Robert
Business Manager (Exports)

ADVICE OF SHIPMENT FROM THE EXPORTER TO THE IMPORTER

MELBOURNE DAIRY CORPORATION

Cathedral Road,
Melbourne
AUSTRALIA

July 28, 1995.

The Manager,
Jupiter Trading Company
Importers and Exporters
Town Hall Road
MADURAI, Tamil Nadu (INDIA)

Dear Sir,

This has reference to your Indent NO.3303 for Rs.5, 000kgs of Lur Brand butter and our acknowledgement thereof on July 20, 1995. We are happy to inform you that due shipment has been made per S.S. Tamilnadu which sailed on 27th July 1995 from Sydney for Madras.

According to your instructions, we have drawn on you a bill of exchange payable at sight for the amount of the invoice. The shipping documents have been sent through the American Express Bank, Bombay to be delivered to your bankers on payment.

We trust that the goods will open to your satisfaction and we look forward to an enduring business relationship with you.

We enclose a copy of our invoice.

Yours faithfully,

John A. Robert
Business Manager
(Exports)

Encl: Copy of Invoice.

LETTERS FROM IMPORTER TO CLEARING AND FORWARDING AGENT

CORAMANDAL TRADING COMPANY LTD.
IMPORTERS AND EXPORTERS
Race Course Road, COIMBATORE

June 6, 1995.

Messrs. Annamalai and Co.,
Clearing and Forwarding Agents,
Armenian Street, MADRAS – 600 001.

Dear Sirs,

We are sending to you the shipping documents relating to a consignment of Textile Machinery from Manchester Textile Machinery Corporation. Manchester, per S.S. Kaveri to berth at Madras Harbor on June 20, 1995.

Please arrange to take delivery of the consignment from the shipping company and dispatch the goods by road to us as early as possible.

On receipt of your bill of charges we shall send the cheque.

Yours faithfully,

S. Marudhachalam
Manager

Encls: Bill of Lading, Insurance Policy, Consular Invoice

**LETTER FROM THE CLEARING AND FORWARDING AGENT TO THE
IMPORTER**

ANNAMALAI AND CO.
Armenian Street, MADRAS – 600 001.

June 22, 1995

The Manager,
Coramandal Trading Company Limited
Importers and Exporters
Race Course Road, COIMBATORE.

Dear Sir:

As per your instructions we have taken due delivery of the consignment of textile machinery received from Manchester per S.S. Kaveri and have dispatched them today by road.

We are enclosing our bill of charges for Rs.10, 500 (Rupees Ten thousand Five Hundred only). Please send us your cheque at your earliest convenience.

Yours faithfully,

A. Annamalai
Senior Partner

**INDENT FOR IMPORTS THROUGH INDENT HOSUE
SARAVANA PAPER STORES**

LinghiChetty Street, MADRAS – 600 001.

July 9, 1995

THE STAR INDENT HOUSE,
Cuffe Parade,
Bombay – 400 001.

Dear Sirs:

This has reference to your letter No.9901 dated June 30, 1995 enclosing the samples of Papers required by us. We are glad to place our indent No.333 for 500 rolls (five hundred) of Computer Stationery manufactured by the Toronto Paper Mills Ltd., Toronto, Canada. The goods should correspond with the sample sent by you in all respects.

We shall be glad if you make arrangement for an early shipment to enable us to have the goods on our hands by September 30, 1995 at the latest.

Yours faithfully,

VR. Saravanan
Manager

Encl: Indent No.33

ACKNOWLEDGEMENT OF THE INDENT BY THE INDENT HOUSE

STAR INDENT HOUSE
Cuffe parade, BOMBAY – 1

July 15, 1995.

The Manager,
Messrs. Saravana Paper Stores,
LinghiChetti Street, Madras 600 001.

Dear Sir:

Thank you for your letter dated July 9, 1995 enclosing your Indent NO.333 for the import of 500 rolls of computer stationery from Canada.

We have duly forwarded your indent to our agents in Toronto, Canada for an early shipment of the goods ordered to Bombay.

Yours faithfully,

J .Gopaidass
Manager

ADVICE FROM THE INDENT HOUSE TO THE IMPORTER

STAR INDENT HOUSE
Cuffe Parade, BOMBAY – 1

October 4, 1995

The Manager,
Messrs. Saravana Paper Stores,
LinghiChetty Street, Madras 600 001

Dear Sir,

Please refer to your Indent No.333 for 500 rolls of computer stationery.

We have pleasure to inform you that the consignment has arrived at Bombay and we are making arrangement for forwarding the same to you by goods train. Please remit the sum of Rs.5, 89,102 being the cost of the paper and other expenses, the bill for which is enclosed.

We shall send the R/R on receipt of the amount due by you. Please take immediate steps to make the payment to enable you to take delivery of the consignment from the railway without incurring demurrage charges.

Yours faithfully,
J. Gopaldass
Manager

Encl. Bill Covering the import as per Indent No.333

**LETTER FROM THE INDENT HOUSE TO CLEARING AND FORWARDING
AGENTS**

STAR INDENT HOUSE
Cuffe Parade, BOMBAY – 1.

September 20, 1995.

Messrs. Lal Bros.
Clearing & Forwarding Agents,
333, D.N. Road, Bombay – 1.

Dear Sir,

We are sending to you the shipping documents viz., the Bill of Lading and the relative Insurance policy covering the consignment of 500 rolls of computer stationery from the Toranto Paper Mills Ltd., Toranto, Canada shipped per S.S. Manasarover, expected to be berthed at Alexandra Docks, Bombay by September 28, 1995. Please clear the consignment and forward to Messrs. Saravana Paper Stores, Madras by passenger train and the Railway Receipt to us.

Please send us your bill of charges for immediate payment.

Yours faithfully,
J. Gopaldass
Manager

Encls: Bill of Lading, Insurance Policy

**ADVICE FROM THE CLEARING AND FORWARDING AGENTS TO THE
INDENT HOUSE**

LAL BROTHERS

Clearing and Forwarding Agents, BOMBAY – 1.

September 29, 1995

The Manager,
The Star Indent House,
Cuffe Parade,
Bomba – 1.

Dear Sir,

This has reference to your letter dated 20.9.1995. We are glad to inform you that the consignment of 500 rolls of computer stationery from Canada has been duly cleared from the Alexandra Docks and forwarded to Madras by goods train as instructed by you. The relative R/R No. B. 89608501 dated 29.9.1995 is enclosed. Our bill of charges sent herewith may be paid in due course.

Yours faithfully,
K. Ramalal
Senior Partner.

Encls: Railway Receipt, Bill of Charges.

SUMMARY

The various steps involved in the import trade are: (1) Preliminaries, (2) Placement of Indent, (3) Letter of Credit, (4) Advice Note, (5) Documentary Bills, (6) Customs and Clearing Formalities and (7) Making Payment.

The important documents used in the import-export trade include: (1) Indent, (2) Bill of Lading, (3) Consular Invoice, (4) Certificate of Origin, (5) Insurance Policy, (6) Documentary Bills of Exchange and (7) Letter of Credit

Self-Examination Questions and Exercises

1. Describe the steps involved in the import of a commodity.
2. What do you understand by Indent?
3. Explain the role of Indent House in import trade.
4. What are Documentary Bills?
5. Explain 'Consular Invoice' and 'Certificate of Origin'.
6. What is the importance of Letter of Credit in the import-export trade?
Explain its kinds.
7. Write a letter placing an order with the Sony Corporation, Tokyo, Japan for the supply of 100 Colour Television Sets in various screen sizes. Give complete instructions.
8. Write a letter to your Clearing Agents asking them to clear from the port the consignment that you expect from Germany and instruct them to forward the goods by road duly insured for safety in transit.
9. Write a letter as from a Clearing and Forwarding Agent, advising the clearance of goods from the port and their subsequent dispatch by train to the importer.
10. Write a letter as from the exporter of goods advising due shipment of goods as per Indent received and requesting due clearance of the documents sent to the importer's bank.

UNIT VI

Lesson 6.1 - Company Secretary

Lesson 6.2 - Company Secretary's Correspondence

Lesson 6.3 - Notice, Agenda and Minutes Of Meetings

LESSON 6.1

COMPANY SECRETARY

Learning Objectives

After reading this lesson you should be able to know.

- Who can be appointed as Secretary of a company?
- The position of company secretary in company administration
- The duties of a company secretary.

The Companies Act, 1956 has defined a secretary as “any individual possessing the prescribed qualifications appointed to perform the duties which may be performed by a secretary under this Act and any other ministerial or administrative duties”. The status of a company secretary has greatly increased now. He is the chief administrative officer of a company.

A company secretary is generally appointed by the directors. He may also be appointed under the provisions of the Articles of Association of a company in which case his appointment must be confirmed by a resolution of the directors passed in their first meeting after his appointment. A copy of the resolution appointing a person as secretary must be forwarded to the Registrar of Companies.

The directors of the company lay down the general policies of the company and direct its affairs. The secretary carries out the policies of the management, follows directions and executes many a decision taken by the directors on the authority delegated to him. While the directors are the brains of the company, the secretary is its eyes, ears and hands. That is to say, the Board acts through the company secretary. He is the mouthpiece of the Board of Directors. He is also a connecting link between the shareholders on the one side and the directors on the other. The company communicates with the outside world only through its secretary.

DUTIES OF A COMPANY SECRETARY

Broadly speaking, a company secretary works in a threefold capacity. Firstly, he has to act as an agent of the Board of Directors. The determination of the policy of management and exercising of the powers of the company are vested in the directors. The secretary is the medium to carry out the instructions and orders of the Board. He has to represent the Board to the shareholders, staff and outsiders in their dealings with the company.

Secondly, he has to act as a Registrar for the company looking after the secretarial functions such as filing various company returns with the Registrar of Companies, registration of transfer and transmission of shares, correspondence with shareholders, registration of their instructions etc.,

Thirdly, he may be called upon to act as a chief business executive, assuming full responsibility for the organization and control of the company's entire range of business enterprise and performing many of the Board's functions as may be delegated to him from time to time.

DUTIES OF A ROUTINE SECRETARY

The duties of a routine secretary may be enumerated by way of illustration as follows:

1. Supervision of all issues of capital and Debentures.
2. Registration of transfer and transmission of shares
3. Meetings and proceedings of shareholders and directors
4. Preparation, issue and payment of dividend warrants.
5. Keeping and maintaining the statutory and other books of the company.
6. Filing the necessary returns – the company as per the Companies Act.

DUTIES OF AN EXECUTIVE SECRETARY

In addition to the routine duties, an executive secretary has to look after the following:

1. Organisation, control and responsibility of the whole of the company's clerical work.

2. Correspondence not only with reference to shares and their transfers but with various departments of the company's activity as production department, sales department, export department etc.,
3. Negotiating contracts with the third parties on behalf of the company
4. Acting as a medium and link between the company and the outsiders
5. Acting as a valuable adviser and guide to the Board in all important matters of policy and administration of the company.

COMPANY LAW AND SECRETARY

As the Companies Act governs all the aspects of company management a company secretary must master thoroughly the company law and it must be treated by him as his Gita or Bible so that he can successfully discharge his duties and can constantly help the Board to conduct properly the affair of the company.

SUMMARY

Under the existing company law, only an individual having the prescribed qualification can act as Secretary of a company. A company secretary is generally appointed by the directors at their first meeting. The Board of Directors act through the Company Secretary. Therefore, he is its eyes, ears and hands. The company communicates with the shareholders and outsiders only through the Secretary.

Self-Examination Questions

1. Who is a company Secretary?
2. What are the duties of a company secretary?
3. Why is company law compared to Bible or Gita?
4. 'While the directors are the brains of the company, the secretary is its ears, eyes and hands '. Explain

LESSON 6.2

COMPANY SECRETAR'S CORRESPONDENCE

Learning Objectives

- The art of replying to the enquires received from the shareholders.
- The art of dealing with directors of the company through letters.
- Occasions for entering into correspondence with the Auditors of the company and the Registrar of Companies.

In entering into correspondence with the shareholders, directors, auditors and Registrar of Joint Stock companies, the Secretary must exercise utmost caution and maintain the dignity of the office that he holds. He must be courteous in tone and at the same time firm. He must not divulge any information to anyone which is confidential in nature and tend to affect the interests of the company. However, he must be helpful to those who write to him seeking information.

CORRESPONDENCE WITH SHAREHOLDERS

The secretary's correspondence with the shareholders usually relates to (1) complaints regarding non-receipt of notice of meeting, (2) Information regarding the future prospects of the company, (3) preferential offer of contract by the company, (4) pleas for higher rate of dividend for the year in view of comfortable profits position of the company, (5) requests for inspection of books etc.

CORRESPONDENCE WITH DIRECTORS

A company secretary's correspondence with the directors of the company may relate to: (1) his suggestion to the company to implement some changes, (2) sending reports of the proceedings of the Board meeting which the director concerned did not attend, (3) sending information regarding some special agendas and requesting the attendance of the directors at the meeting, (4) making unofficial enquiries with a director about his personal interest in a contract to be discussed at a Board meeting etc.,

CORRESPONDENCE WITH THE AUDITORS

Unless the auditors complete the statutory audit of the accounts of the company in time, the annual General Body Meeting could not be conducted in time. However, the auditors are busy professional people with so many irons in the fire. Therefore, to ensure

timely completion of the audit the secretary usually writes to the auditors to enlist their co-operation in the timely completion of the audit work.

CORRESPONDENCE WITH THE REGISTRAR

As the principal officer, a secretary has to file various returns and documents with the Registrar of Joint Stock Companies as per the provisions of the Companies Act duly accompanied by the prescribed fees. For the purpose, he will have to address the Registrar suitable.

SPECIMEN LETTERS

Now you may proceed to study the specimen letters as from the Secretary of a company to the shareholders, directors, auditors and the Registrar.

REPLY TO A SHAREHOLDER EXPLAINING A HIGHER DIVIDEND COULD NOT BE RECOMMENDED AS SUGGESTED BY HIM

LEO COMPUTERS AND SOFTWARES LTD.,
1102, Anna Nagar West,
MADRAS – 600 040

April 30, 1995.

Mr. A.G. Arivukkarasu,
36, West Car Street
Thiruvannamalai

Dear Sir,

This has reference to your letter dated April 15, 1995 suggesting that a higher rate of dividend may be paid for the current year, I am directed to inform you that it will not be in the general interest of the company to declare a higher rate of dividend without making appropriations for all possible contingencies and transferring to the reserves. It is absolutely essential to keep the rate of dividend restricted to the one suggested by the directors. Moreover, the proposed rate of dividend is on par with the ones which had been declared in the past. The directors of the company will be only too happy to recommend a higher rate of dividend as and when the situation warrants.

Yours faithfully,

M. Jayakumar
Secretary

REPLY TO AN ENQUIRY FROM A SHAREHOLDER ABOUT THE FUTURE PROSPECTS OF THE COMPANY

RAJASHREE CEMENT CORPORATION

Ariyalur,
TAMILNADU

March 20, 1995.

Mr. N. Kishore Kumar Jain,
110, Luz Church Road,
Mylapore, Madras – 600 004.

Dear Sir:

Please refer to your letter dated March 10, 1995. The information sought by you, namely, the future prospects of the company to enable you to go in for more shares of the company being confidential in nature cannot be divulged. The latest report of the directors of the company together with the audited accounts will be reaching you in the second week of March. They will enable you to know the future prospects of the company. You may also consult your stockbroker in this regard who will readily advise you in this matter.

Yours faithfully,

N. Ramesh Chand
Secretary

LETTER TO A SHAREHOLDER WHO WRITES TO REQUEST THAT ON ACCOUNT OF HIS SHAREHOLDING IN THE COMPANY, HE SHOULD BE GIVEN PREFERENTIAL TREATMENT IN THE OFFER OF CONTRACT FOR WHICH TENDER HAS BEEN CALLED FOR

CHETTINAD TEXTILES LIMITED

Rani Seethai Hall,
Anna Salai, MADRAS – 600 006.

May 5, 1995.

Mr. VR. Saravanan,
21, Town Hall Road, VIJAYAWADA

Dear Sir,

This has reference to your letter dated April 25, 1995 complaining about the non-receipt of our notice regarding the Annual General Meeting held on April 20, 1995. I am to inform you that there had been no lapse on our part and the notice had been sent to you

at 21, First Main Road, Vageesa Nagar, Chidambaram 608 001, the address, as is recorded in the Register of Members of the company.

From your present letter, it is clear that you have changed your residence and obviously you had not left instruction to the post office for directing mails to your present address. As such our notice would have gone astray. You have not informed us also about your present address till date. However, we have noted your present address now to which all our future communications will be sent to you.

Yours faithfully,

V. Sendhil
Secretary

**LETTER TO A DIRECTOR WHO HAS SUGGESTED IN HIS LETTER THAT
DECENTRALISATION BE IMMEDIATELY UNDERTAKEN AND THAT
CERTAIN POWERS BE DELEGATED TO BRANCH MANAGERS, PENDING
IMPLEMENTATION OF THE SCHEME**

EASTERN ELECTRONICS LIMITED
23, M.G. Road,
BANGALORE – 560 001.

October 4, 1995

Mr. K.K. Thiagarajan
'O' 1, Khatod Plaza
NSC Bose Road, Madras 600 001.

Dear Sir,

I am in receipt of your letter dated September 30, 1995 and have duly conveyed your views on decentralization of authority to the Chairman of the Company.

He fully shares your view and has asked me to place your letter before the forthcoming meeting of the Board fixed for October 21, 1995. In view of the importance of the subject and your particular concern therein, I write this to request you to make it convenient to attend the meeting.

Yours faithfully,

S. Aravindan
Secretary

**LETTER TO A DIRECTOR INQUIRING WHETHER HE HAS ANY INTEREST
IN THE BUSINESS TO BE DISCUSSED AT THE FORTH COMING MEETING**

HOTEL SEA VIEW
Esplanade,
BOMBAY – 460 001.

October 5, 1995

Mr. K.N. Jagdish,
333, D.N. Road,
Bombay – 400 001.

Dear Sir,

Please refer to the notice dated October 1, 1995 convening the meeting of the Board of Directors and the agenda therefor.

I have received information from a reliable source that you are personally interested in the contract with Messrs. Jugu Earth Movers and Constructions Ltd., Juhu, which is to be discussed at the Board Meeting. Therefore, I am writing this to you informally to find out whether the allegation is true.

I may be permitted to draw your attention that under the Companies Act, a director who is personally interested in a contract with the company must disclose the nature of his interest. If any, in such a contract which has to be discussed at the meeting of the Board. He may even be asked to abstain from attending meeting.

Failure to disclose may lead to unpleasant consequences. To avoid such unpleasantness which may result as a consequence of inadvertent omission on your part, I am writing this letter in advance to you for your prompt attention.

Yours faithfully,

N. Naresh Kumar
Secretary

**LETTER TO THE AUDITOR IMPRESSING UPON HIM THE NEED FOR
COMPLETING THE AUDIT WELL AHEAD OF THE FORTHCOMING
ANNUAL GENERAL BODY MEETING**

MOON CRYSTAL SUGAR LIMITED
Nellikuppam,
SOUTH ARCOT VALALAR DISTRICT.

March 21, 1995

Messrs. G. Viswanathan & Associates,
Kamaleeswarankoil Street
CHIDAMBARAM – 608 001.

Dear Sirs:

As in the earlier years, the accounts of the company will be duly closed on March 31, 1995 and will be kept ready for audit so that the Annual General Body meeting may be held by the third week of May, 1995.

You will remember how we were put to difficulties in conducting the last year's General Body meeting on account of the non-completion of audit work. We do not want to face the same embarrassment this year also. And so we are writing this letter in advance to request you to take up the audit work in the first week of April itself and complete the same by the third week of April, 1995.

We know you are busy but still we hope you will appreciate the need to extend your co-operation in this regard.

(By order of the Board)

Yours faithfully,

K. Mohan
Secretary

LETTER TO THE REGISTRAR OF COMPANIES, FORWARDING ANNUAL RETURN ETC.,

ENGINEERS INDIA LIMITED

Indraprastha Marg,
NEW DELHI – 110 001.

June 10, 1995.

The Registrar of Companies,
Shastri Bhawan
NEW DELHI – 110 001.

Sir,

Sub: Filing of Annual Return etc., for the year 1994-95

I am submitting the following documents as required under the Companies Act (Sections 159 and 220):

- (i) Annual Return duly signed
- (ii) Three copies each of the audited Balance Sheet and Trading and Profit and Loss Account for the year 1994-95 which were duly adopted and passed at the Annual General Body meeting of the company held on May 21, 1995.

The filing fees in connection with the Annual Return are sent herewith by means of Demand Draft drawn in your favour.

Kindly acknowledge receipt of the documents and the demand draft.

Yours faithfully,
P. KanthaBhaba
Secretary

Encls: As above.

SUMMARY

Company secretary's correspondence will be mainly with the shareholders, directors, auditors, and Registrar of Joint Stock Companies. As the principal officer of the company he must exercise utmost caution and maintain a courteous tone. He must not disclose any information to the shareholders and others which may affect the interests of the company or other shareholders. Therefore, he must be very discreet in replying to enquiries.

Self-Examination Questions and Exercises

1. State any four occasions for the Secretary to enter into correspondence with shareholders.
2. When may a Secretary have to enter into correspondence with the directors of the company?
3. Write a letter to a shareholder who has expressed concern about the heavy impost of excise duty by the government and wants to know what the company proposes to do about it.
4. Write a letter to a Director forwarding to him Minutes of the last Board Meeting he could not attend.
5. Write a letter to a firm of chartered Accounts calling upon them to undertake investigation into certain financial irregularities which have come to notice.
6. Write a letter to a shareholder thanking him for his appreciation of the business results achieved by the company during the last year.
7. Draft a Circular Letter to be sent to shareholders offering them new shares for subscription *pro rata* to their holdings.

LESSON 6.3

NOTICE, AGENDA AND MINUTES OF MEETINGS

Learning Objectives

After reading this lesson you should be able to know:

- The different kinds of company meetings
- Contents of Notice for various kinds of meetings.
- Contents of Agenda for various kinds of meetings.
- The technique of writing the minutes of various kinds of meetings.

COMPANY MEETINGS

The management of a company is done through meetings only. The Board of Directors who can exercise their powers only as a team act through Director's Meeting and the shareholders sit in judgment over the working of the company at the shareholders' meeting. In order that the business at these and other types of meetings is validly transacted the Secretary should be thorough with the legal provisions relating to the convening and conduct of the meetings and assist the Chairman of the Company accordingly.

KINDS OF COMPANY MEETINGS

The following are the different kinds of company meetings:

1. Meetings of Directors
2. Meetings of Sub-Committees of Directors
3. Meetings of Shareholders:
 - a) Statutory Meeting
 - b) Annual General Meeting
 - c) Extra-Ordinary General Meeting
 - d) Class Meetings
4. Meetings of Debenture-holders.
5. Meetings of Creditors, otherwise than in winding up.
6. Meetings of Creditors and contributors in winding up.

Meetings of Directors and their Sub-committees: Under the provisions of the Companies Act, the meeting of the Board of Directors must be held at least once in every three calendar months and at least four such meetings should be held every year. These

meetings are held for making policy decisions and for reviewing the affairs of the company from time to time. It is also held for the purpose of making calls on shares, to issue debentures, to invest company's funds, to make loans, to allot shares, to forfeit shares, to pass transfers of shares and accounts and to recommend dividends etc.,

In large companies, it is usual for the Board to appoint some sub-committees consisting of a few directors such as Share Transfer Committee, Finance committee, Staff Selection Committee etc., there will be a convener for each committee and it will meet periodically to discuss the matter entrusted to it and submit a report to the Board.

Matters to be transacted at the first meeting of the Board of Directors: In the first meeting of the directors held after obtaining the Certificate of Incorporation, the following matters will be taken up:

1. The Chairman of the meeting will be elected.
2. The Certificate of Incorporation will be presented by the solicitor of the company and received by the Board.
3. The Chairman of the company will be elected.
4. Managing Director, if any, will be appointed.
5. The Secretary of the company will be appointed.
6. The Bankers of the company will be appointed and the method of operating the account decided.
7. The first auditors of the company will be appointed.
8. The copy of the draft Prospectus will be considered and approved with instructions to the Secretary for printing the same.
9. The Common Seal of the company will be adopted.
10. The preliminary contracts entered into by the promoters will be adopted.

Statutory Meeting: The Statutory Meeting is the first general meeting of shareholders which is required by law and is compulsory for all companies except the private companies. As per the Companies Act, this meeting must be held within six months of obtaining the Certificate to Commence Business but not within one month of obtaining the same. This meeting is held only once in the life time of the company. The Board of Directors must forward to every member of the company a report called the Statutory Report at least twenty-one days before the holding of the meeting. This meeting is intended to give a concrete idea to the shareholders regarding the manner in which the company has been formed and the company's prospects as early as possible. It also gives

an opportunity to the members to discuss the finances of the company at an early dated or any other matter arising out of the Statutory Report.

Annual General Meeting: The convening and conducting of Annual General Meeting is a recurrent affair in the life of a company. As it is held once in every year, the number of the Annual General Meeting also indicates the age of a company. At the Annual General Meeting, the Director's Report and the audited Annual Accounts for the year will be formally adopted by the shareholders. Due sanction will be obtained for the declaration of dividend as recommended by the Directors. New Directors will be elected in the place of retiring directors. Auditors for the current year will be appointed and their remuneration fixed.

Extra-Ordinary General Meeting: These are meetings of shareholders convened to discuss some urgent matter or matters which fall outside the usual business of the company. These are called in between two Annual General Meetings. Extra-ordinary General Meetings may be convened by the directors on their own initiative or on the requisition by the shareholders. It may also be convened under an order of the Court.

The Extra-ordinary General Meetings are usually convened for making changes in the Memorandum or Articles of Association, increasing or decreasing the Share Capital, for conversion of private company into a public company, etc.,

Class Meetings: These are meetings of particular class of shareholders convened with the object of bringing about some changes in their rights and privileges as laid down in the Articles of Association.

Meetings of Debenture-holders: These meetings are called to vary the terms of security, to modify the rights, to vary the rate of interest payable to relax some too stringent conditions in the Debenture Trust Deed, etc.,

Meetings of Creditors: These meetings are convened by the company whenever it proposes to make a scheme of arrangement with its creditors.

Meetings of Creditors and Contributors in Winding – up: These meetings are convened after the company has gone into liquidation in order to ascertain the total amount due by the company to all its creditors and also to appoint either a Committee of Inspection or Liquidators to wind up the company. 'Contributors' are those who are liable to contribute to the assets of the company in the event of winding up. The liquidator usually summons a meeting of contributors to ascertain their wishes.

NOTICE, AGENDA AND MINUTES OF MEETINGS

Notice: The shareholders' meeting should be convened after 21 days' notice. A shorter notice could be given with the consent of the members having 95 per cent of the voting power or controlling 95 per cent of the capital of the company. The notice should specify the time, place and date of the meeting along with the programme for the meeting. It should be sent to every member of the company entitled to attend the meeting, to the legal representatives of the deceased members, and to the auditors of the company.

In the case of the directors' meeting, the 'Standing Orders' of the directors will be followed by the Secretary.

Agenda: Agenda means 'things to be done'. It is the programme for the meeting sent along with the notice for meeting. This should be prepared in consultation with the Chairman of the company. Routine matters should be put first and matters requiring lengthy discussions should come last.

Minutes: It is obligatory under the Companies Act for all companies to maintain a record of the proceedings of the meetings in a book called 'Minutes Book' kept for the purpose. The object of writing and keeping minutes is to preserve in a succinct form a clear and correct record of the decisions taken at a meeting. Great care should be taken in writing these minutes and they must be full, true and accurate. All superfluous words must be avoided. They are more or less analogous to a telegram than to a letter, to a précis than to a narrative'.

SPECIMEN NOTICES AND AGENDA

Notice and Agenda for the First Meeting of Board of Directors

The First Meeting of the duly constituted Board of Directors will be held at the Registered Office of the Company, 147, first Line Beach, Madras on Friday the 25th February 1995 to transact the following business:

1. To produce the Certificate of Incorporation.
2. To appoint the first Directors.
3. To elect the Chairman and appoint other office bearers
4. To appoint Secretary to the company
5. To consider the issue of Prospectus.

6. To adopt the Common Seal of the company.
7. To appoint Bankers to the company
8. To consider quorum.

MINUTES FOR THE ABOVE MEETING

The First Meeting of the Board of Directors was held at the Registered Office of the company 147, First Line Beach, Madras on Friday the 25th February 1995.

Present:

Messrs. A. Balasubramaniam		Director
B. Chandrasekaran		“
C. Dakshinamoorthy		“
D. Elanchitran		“
E. Jayapal		“
Mr. S. GnanaguruVivek	Secretary
Mr. V. Sendhil	Legal Adviser
Mr. N. Ashok Kumar Jain	Elected Chariman of the meeting

Incorporation: Mr. S. GnanaguruVivek, Secretary of the company produced the Certificate of Incorporation dated 22nd December, 1993 and reported that all the directors present had signed the usual acceptance of office and had applied for the necessary qualification shares.

Appointment of officers, etc.,:

“RESOLVED that Mr. N. Asok Kumar Jain, be and he is hereby appointed Chairman of the Board”.

“RESOLVED that Mr. S. GnanaguruVivek be and he is hereby appointed Secretary of the Comapany”.

“RESOLVED that Mr. V. Sendhil be and he is hereby appointed Legal Adivser to the company”.

“RESOLVED that State Bank of India, First Line Beach, Madras be and they are hereby appointed Bankers to the company”.

“RESOLVED that all cheque drawn on behalf of the company and all acceptances in its name be signed by two directors and countersigned by the Secretary, that cheque payable to the company be endorsed on company’s behalf by the Secretary alone, and that

a copy of this resolution together with specimen signatures of the Directors and Secretary be furnished to the Bankers”.

Issue of Prospectus: The legal adviser produced a draft of the proposed prospectus to be issued inviting applications for shares and debentures, and it was resolved that the draft Prospectus as prepared and initialed by the Chairman for identification be approved, and that it be printed forthwith, filed with the Registrar of Companies, issued to the public, and advertised twice in the Economic Times, Bombay, The Financial Express, Bombay and The Indian Express, Madras, all arrangements as to the printing and issue of the Prospectus being left in the hands of the Chairman and the solicitor.

Common Seal: THE Secretary produced designs and estimates for the common Seal of the company.

“RESOLVED that the design No.3 submitted by Messrs, Logu Arts, Madras – 600 085 be approved and that the Secretary be instructed accordingly to order Seal at a cost of Rs.350”.

Quorum: “RESOLVED that three directors shall constitute a quorum at all Board Meetings”.

Next Meeting: The Secretary was directed to summon the next meeting of the Board on the 20th March, 1995.

NOTICE, AGENDA AND MINUTES OF STATUTORY MEETING

NOTICE

Notice is hereby given that the Statutory Meeting of the above Company as required to be held under Section 165 of the Companies Act, 1956 will be held on 31st August 1994 at 11 A.M at the Registered Office, 21, Raja Annamalaipuram, Madras – 600 028.

A copy of the Statutory Report duly certified and required to be submitted to the meeting under Section 165 of the Act is sent herewith.

(By order of the Board)

Madras – 28

3-8-1995

S. GnanaguruVivek

Secretary.

AGENDA

Agenda for the Statutory Meeting to be held at the Registered Office of the company on 31st August, 1995 at 11 A.M.

1. To read the notice convening the meeting
2. Chairman to explain that the meeting is held to comply with Sec. 165 of the Companies Act, 1956.
3. Chairman to make a Statutory Report and explain the present position of the company and invite questions.
4. Vote of thanks to the Chairman.

MINUTES

Minutes of the Statutory Meeting held on 31st August, 1995 at the Registered Office of the Company at 11.00 A.M.

Mr. N. Asok Kumar Jain was in the Chair.

The notice convening the meeting was read.

The Chairman reported that the meeting was called to comply with Section 165 of the Companies Act, 1956.

The Chairman explained the satisfactory position of the company and the Statutory Report sent to the shareholders with the notice of the meeting was considered and approved.

A vote of thanks was accorded to the Chairman who suitably replied and the meeting was then terminated.

S. GnanaguruVivek
Secretary

N. Asok Kumar Jain
Chairman

NOTICE FOR ANNUAL GENERAL MEETING

VIKASH FINANCE AND INVESTMENTS LTD.

85 NSC Bose Road,
MADRAS

NOTICE

NOTICE is hereby given that the fifteenth Annual General Meeting of the shareholders of Vikash Finance and Investments Limited will be held at the Registered Office of the company at Madras on 18th April 1995 at 4 P.M. to transact the following business:

1. To receive and adopt the Directors' Report and the audited Annual Accounts for the Year ended 31st December 1994.
2. To sanction the declaration of dividend on Preference Shares (6 percent) and on Equity Shares (15 per cent).
3. To elect a Director in the place of Mr.N. Kishore Kumar, who retires by rotation under Article 70 of the Articles of Association and who is eligible for re-election.
4. To elect a director in the place of Mr. G. Angaiah who retires by rotation under Articles 70 of the Articles of Association and who is eligible for re-election.
5. To appoint auditors for the current year and fix their remuneration.

The Share Transfer Books of the company will be closed on 26th March 1995 and will reopen on 9th April 1995.

(By order of the Board)

Madras

20.03.1995

VR. Saravanan

Secretary

MINUTES FOR THE ABOVE

MINUTES of the fifteenth Annual General Meeting of Vikash Finance and Investments Limited held at the Registered Office of the company, on Monday the 18th April 1995 at 4 P.M

There were present:

1	-	In the Chair
2 to 9	-	Directors
10	-	Secretary
11	-	Auditors
12	-	Legal Advisers
and 200	-	Shareholders as per Attendance Book

1. NOTICE: The Secretary read the notice convening the Annual General Meeting
2. DIRECTORS' REPORT AND ACCOUNTS: At the request of the Chairman, the Directors' Report, Balance Sheet and Profit and Loss Account for the year ended 31st December 1994 (as printed and circulated) were taken as read.
3. AUDITOR'S REPORT: At the request of the Chairman the auditor read out at the meeting the Auditors' Report to the shareholders dated 5th March 1995.
4. CHAIRMAN'S SPEECH: The Chairman delivered a speech commenting in brief on the achievements of the company during the past one year and indicated the present position of the company and its future prospects particularly in the light of mounting load of taxation levied by the Government. The copies of his speech were duly circulated among members for their information at the meeting. A few copies of the same were also given to the press for due publicity.
5. ADOPTION OF DIRECTORS' REPORT, ACCOUNTS, etc: The Chairman moved:
"That has Directors' Report and the audited Profit and Loss Account of the company for the year ended 31.12.1994, and the Balance sheet as at 31.12.1994 be and they are hereby, approved and adopted".

Mr. K. Rajamohan seconded the motion. The Chairman invited comments on the motion from the members and then the motion was put to vote. It was duly carried.

6. DECLARATION OF DIVIDENDS: The Chairman then moved, and Mr. V. Shanmugam seconded and it was:

"RESOLVED that a dividend at Rs.6 per share free of tax on 20,000 Preference Shares and a dividend of Rs.15 per share, free of tax on 30,000 Equity Shares of the

company be and the same are hereby declared and that these dividends be paid on 19th May 1995 to those shareholders whose names were on the Company's Register on 25th March 1994 or their mandates (if the company has received dividend mandates).

7. Mr. N. Kishore Kumar who retired by rotation and offered himself for re-election was duly re-elected.
8. Mr. G. Angaiah who retired by rotation and offered himself for re-election was duly re-elected.
9. Messrs. G. Viswanathan and Co.4. Luz Church Road, Mylapore, Madras were appointed as Auditors of the company for the current year and their remuneration was fixed at Rs.6,000

The meeting ended with a vote of thanks to the Chairman and the Board by Mr. V. Namasivayam, a shareholder.

VR. Saravanan
Secretary

N. Ashok Kumar
Chairman

NOTICE, AGENDA AND MINUTES OF EXTRAORDINARY GENERAL MEETING

NOTICE

NOTICE is hereby given that an Extraordinary General Meeting of the members of the company will be held on Monday the 7th October 1995 at 3 p.m. at the Registered Office of the company at 'Manasarover'. III Floor, Anna Salai, Madras – 6 as per enclosed agenda.

(By Order of the Board)

Manasarover
7th September 1995

R. Meenakshisundaram
Secretary

AGENDA

1. Secretary to read the notice convening the meeting
2. Chairman to explain the cause for the proposed alteration in one on the clauses of the Memorandum of Association of the company and move that in the

Domicile Clause of the Memorandum the word 'Tamilnadu' be substituted for the words 'State of Madras'.

3. Call upon Mr. K.K. Mohan to second the motion.
4. Invite discussions on the motion.
5. Put the motion to vote at the meeting for getting necessary decision and declare the result
6. Vote of thanks to shareholders.

MINUTES

MINUTES of the Extraordinary General Meeting of the company held at the Registered Office of the company, 'Manasarovar', Anna Salai, Madras 600 006, ON Monday the 7th October, 1995 at 3.00 p.m

Present:

Mr. N. Naresh Kumar Jain (Chairman)

Messrs. N. Panchanathan Director

V. Srinivasan “

V. Sivakumar “

221 shareholders as per attendance Book.

'RESOLVED that the word 'TAMILNADU' be and is hereby substituted for the words 'State of Madras' in the Domicile Clause of the Memorandum of Association.

Meeting was concluded at 4.30 p.m. with a hearty vote of thanks to shareholders for attending the meeting.

R. Meenakshisundaram
Secretary

N. Naresh Kumar
Chairman

SUMMARY

The different kinds of company meetings should be convened after due notice. The notice convening the meeting will be accompanied by the 'Agenda', keeping a record of the proceedings of the meetings in Minutes Book is compulsory under law.

Self-Examination Questions and Exercises

1. Explain the nature of business that will be transacted at the first meeting of the Board of Directors.
2. What do you understand by Statutory Meeting? Draft an Agenda for such a meeting.
3. Draft a Notice and Agenda for the Annual General Meeting of a public limited company.
4. Draft the minutes of Annual General Meeting of a public limited company.
5. What is Extra-ordinary General Meeting? Draft a notice and agenda for convening such a meeting.

UNIT VII

Unit Structure:

Lesson 7.1 - Official Correspondence

Lesson 7.2 - Public Relations

LESSON 7.1

OFFICIAL CORRESPONDENCE

Learning Objectives

After reading this lesson you should be able to know:

- The meaning of official correspondence
- The difference between official correspondence and business correspondence
- The parts of an official letter.

MEANING OF OFFICIAL CORRESPONDENCE

Official correspondence refers to the communication passing between one government official and another or between one government official and an individual, an institution, a firm or a company. However, this communication must be written for official purpose in an official capacity and not in a personal capacity. A communication from the Registrar of a University to a student asking him to set right the defect in his application for scholarship is also an example for official communication. Conversely, a letter from a student to the Registrar of a University asking for his Degree Certificate is also an official communication.

CHARACTERISTICS OF OFFICIAL CORRESPONDENCE

Official correspondence will always be formal in tone and does not reveal any personal relationship. It will always be brief and to the point. The style of language is fixed and routine. There is no scope for introducing the originality in style of the communicator. The official communications are not generally sent out in official letterheads as in the case of business houses. However, there are exceptions e.g., Universities, Planning Commission, Public Service Commissions, Securities and Exchange Board of India, etc., may use printed letterheads in sending out communications. The inside address will not carry the name of the addressee and only his designation will

be used. When the communication is a lengthy one and is divided into paragraphs, each paragraph is serially numbered except the first.

The writer of the official communication will always indicate his designation after his signature. If the officer or the person is signing the letter on behalf of an officer, he will indicate the same.

CLASSIFICATION OF OFFICIAL COMMUNICATION

Depending upon the form which an official communication takes, it may be classified into the following types:

- a) Official Letters
- b) Demi-official Letters or D.O Letters
- c) Memorandums
- d) Circulars
- e) Notifications
- f) Communiques
- g) Endorsements

Letters: Majority of official communications are through letters. The parts of an official letter generally include the following:

1. The number of the communication
2. The name of the Office or the Department
3. The place and date of issue
4. The name and designation of the writer of the letter
5. The designation of the officer of the Department to whom the letter is written.
6. The salutation
7. The body of the letter
8. The Subscription or Complimentary Close.
9. The Signature
10. The Enclosures
11. The identity marks.

Number of the Communication

When replies are received for the official communications, the copy of the communication must be traced without waste of time.

To ensure this, each letter going out from office will be given a number which shall correspond with the file and the Despatch Register. Some offices even give specific instructions in the letter that the reply to that letter should quote the reference number given. This number is usually put at the top of the letter duly centered or the number is given in a box.

Name of the office or the Department

This takes the place of from address. As already pointed out, here, the name of the person or officer will not be written. Only the name of the Department or the Designation of the officer will be written e.g., The Head of the Department of Commerce, Pondicherry University, Pondicherry – 605 014 or The Secretary, Tamilnadu Public Service Commission. This may be written either before or after the Letter Number.

The Place and Date

The place and date is usually written near the right hand margin of the letter after the inside address, thus:

To

The Principal
Government Polytechnic,
Guindy, Madras – 600 025.

Madras,
Dated the 3rd March 1995.

The name of the office may also be written here thus:

Directorate of Technical Education,
Madras – 600 006.

Dated 3rd March 1995.

Name and designation of the writer of the letter

In official correspondence what matters is the designation of the writer and not his name. If, however, the name is to be written, it is to be mentioned with courtesy, title and other degrees, e.g., Thiru N. Ramesh Chand, I.A.S. The word 'From' is also written just near the left hand margin before the name of the writer. The word 'From' is not followed with any punctuation mark like comma or colon. Illustration:

From

Thiru N. Ramesh Chand I.A.S
Secretary to the Government of India
Ministry of Commerce.

Addresses: The addressee to whom the letter is meant is referred only by designation after the word 'To' written near the left margin. No punctuation mark is put after 'To'. The name of the officer will be written in the case of Demi-official letter.

Illustrations:

To

The Principal
Government Arts College
Madras – 600 035. (Official Letter)

To

Thiru R. Madhanagopal
Executive Director
Tamil Nadu Cements Ltd.,
Jayankondam (Demi-Official Letter)

Subject: To enable the receiver of the letter to know at a glance the contents of the letter sent to him it is usual to put at the center of the letter before the salutation a brief description preceded by the abbreviation 'Sub' or 'Subject' in full. It is a very brief affair and the matter is usually underlined.

Illustration:

*Subject: Recruitment to Class I Services – Competitive Examinations –
Confidential Assignment – Regarding.*

Salutation: In all official letters the salutation should be either 'Sir' or 'Madam'.

Body of the Letter: The body of the letter carries the message sought to be communicated. The first paragraph is usually stereotyped such as

- (i) I have the honour to acknowledge receipt of your letter dated
- (ii) I am directed to acknowledge receipt of your letter dated
- (iii) I am by direction to invite you to accept the offer

The subsequent paragraphs will be serially numbered as '2', '3', etc., each paragraph dealing with one point only.

However, if a superior writes the letter he will state in the opening paragraph. 'I have to state that

Only one subject will be dealt with in an official letter.

Complimentary Close: 'The traditional complimentary close viz.,

'I have the honour to be,

Sir,

Your most obedient servant'

Should be avoided, Instead, 'Yours faithfully' alone should be used.

Signature: The signature should always be followed by the designation of the writer of the letter. 'The name of the writer should also be given within brackets. But, the prefixes 'Mr', 'Dr', 'Prof', etc., should not be put before the name. Likewise, the degrees of the writer should not follow the signature or name.

Identity Marks and Enclosures: These are to be indicated on the left hand bottom corner of the letter.

DEMI-OFFICIAL LETTERS OR D.O. LETTERS

A letter written by one official to another with a personal touch in view of the importance of the subject or its urgency is known as demi-official or D.O letter. In this type of letter the name of the sender along with his designation will be written on the top left hand corner of the letter. After a few line spaces, the name of the office, the address, station and date are written. The number of the letter on the left hand side directly opposite the station and date is put prefixing it with the abbreviation D.O

The 'subject' is not written before the salutation. The salutation will be either 'Dear Mr.....' or even 'My Dear Mr.....' To give a more personal touch, instead of typing the salutation, the same may be written by hand by the signatory of the letter. For the same reason, the complimentary close will also be different. It is 'Yours sincerely' and not 'Yours faithfully'. This may also be written by hand instead of being typed out.

The inside address will carry the name of the receiver besides his designation. The body of the letter will not begin with the opening such as 'I am directed to inform you

The designation of the officer signing the D.O. letter will not follow the signature as the same is given at the top of the letter. The copy of the letter will not be sent to the office file but will be retained by the officer himself. Such a letter should not be referred in official correspondence. However, it must be numbered and dated to facilitate future reference.

MEMORANDUM

Memorandum is a special type of office communication. It is used between departments and offices of equal standing or when the matter is not very important or when the official is a subordinate.

It is written in third person, singular and in a brief form. No salutation is used. It does not begin in a conventional way such as ‘I am directed to’ ‘Please refer to’ etc. No reference to the subject is made. There is no complimentary close. But the words ‘By order’, followed by the signature of the subordinate officer writing the memorandum along with his designation, is put.

The Memorandum is also briefly referred to as ‘Memo’.

CIRCULARS

A circular is written when the communication is to be brought to the attention of several persons or departments. It may take the form of a letter, a memorandum or an endorsement. It is written in the first person and duplicated.

NOTIFICATIONS

Notifications are another type of official communication. They are meant for the information of the officer concerned as well as the general public. Some of the occasions when notifications may be necessary are appointments, promotions, retirements, resignations and dismissals and such other matters.

These are written in third person and are published in the Official Gazette. The officer, usually, the Head of the Institution or other officer will sign the notification with his designation.

COMMUNIQUES

The notifications made in Official Gazette may not be seen by all. To ensure that the matters of public importance reach the public at large, a special kind of notification called ‘Communique’ is issued by the Government. These are issued through newspapers.

ENDORSEMENTS

Endorsement is the briefest form of official communication. This is resorted to when a letter received from another source is to be referred to a third party in another office for information or remarks or report or to take necessary action on it. The technique adopted is this. A copy of the original letter will be taken and the same will be forwarded, to the third party with the writing or endorsement such as 'Forwarded for information and necessary action' or 'Forwarded for remarks'. No covering letter will be sent. No opinion will be expressed on the communication received.

The endorsement will be dated and numbered. It will also be signed putting the designation of the person signing. There will be no salutation or complimentary close.

Now you may proceed to study the specimen official communications given below:

A SPECIMEN OF OFFICIAL LETTER

UNIVERSITY GRANTS COMMISSION,
Bahadur Shah Safar Marg,
New Delhi

No.F. 19-1/94 (SA-II)

24th June 1995

To
The Registrar,
Jawaharlal Nehru University,
New Delhi,

Subject: Applications for the award of Research Associateship and Junior Research Fellowship to the foreign scholars from developing countries (Asian, African and Latin American countries).

Sir,

The University Grants Commission has a scheme for the award of Junior Research Fellowship and Research Associate ship from developing countries for pursuing research leading to M.Phil. /Ph.D. course and post-doctoral research in Indian universities respectively. A copy of the rules and guidelines of the scheme and applications form are enclosed for your perusal.

You are requested to forward the applications from such foreign research scholars in your university who are interested for the award, duly forwarded by your University and their respective Embassies in India by 31st July, 1995 at the latest for consideration by the Commission.

Yours faithfully,

(DEV SWARUP)
Education Officer

Encls: As above. I.K/D.S

**A SPECIMEN OF DEMI-OFFICIAL LETTER WITH AN ENDORSEMENT
THEREON**

Prof. S.K. KHANNA

Ph. D. (Engg.), FIE, FNASc., FNAE

UNIVERSITY GRANTS COMMISSION
Bahadursha Zafar Marg,
NEW DELHI – 110002

January 24, 1990

D.NO.F. 31-2/2/89

Dear Vice-Chancellor:

The University Grants Commission has formulated guidelines (enclosed) on the scheme of autonomous departments/institutions/centers/schools within the university set up. The scheme aims to encourage setting up of national research facilities, promoting the redesigning of courses and decentralizing the working of the university system to achieve excellence. We shall be grateful if you kindly circulate these guidelines among the university departments and also take follow up action for implementing the scheme. The Commission may kindly be informed of the stage of implementation in due course of time.

With regards,

Yours sincerely,

S.K. Khanna

The Vice-Chancellor,
Annamalai University,
Annamalainagar – 608 002.

Endorsement

// True copy //

12th March 1990

B3/440/90

Copy forwarded to all Heads of Departments of study for remarks. If any, the remarks may be furnished through their respective Deans of Faculties.

Sd. XXXXXXXX

for Registrar

SPECIMEN FOR ENDORSEMENT ON COMMUNICATIONS

- a) Returned to the applicant with the intimation that the application must be submitted through proper channels.

Sd. XXXXXXX

for Registrar

- b) Returned to the applicant with the intimation that the application had been submitted after expiry of the last date.

Sd. XXXXXXX

for Registrar

- c) Forwarded to the Head of the Department of Commerce (in original) to be returned along with remarks.

Sd. XXXXXXX

for Registrar

- d) Forwarded to the Head of the Department of Commerce (in original) to be returned along with remarks.

Sd. XXXXXXX

for Registrar

- e) Forwarded to The Commissioner, Corporation of Madras with a request that the necessary information required may be supplied at an early date.

Sd. xxxxxx

for Chief Secretary

A SPECIMEN CIRCULAR
PONDICHERRY UNIVERSITY

No.H2/784/88

Pondicherry,
30th March 1988.

CIRCULAR

Sub: University Grants Commission – Enhancement of the ceiling of
Contingency Grant to Junior Research Fellows and Research Associates.

Ref: U.G.C. Letter No.F.12-2/86 (RF-I) dated 21.1. 88

The University Grants Commission have raised the ceiling of Contingency Grant from Rs.5,000 p.a to Rs.7,500 p.a. for science subjects and from Rs.3,000 p.a. to Rs.5,000 p.a for Social Science and Humanities subjects and the same has been implemented to the University Grants Commission Junior Research Fellows and Research Associates with effect from 21.1.88.

Sd. xxxxxx
BURSAR

To
All Heads of Departments for
Information

A SPECIMEN NOTIFICATION

ANNAMALAI UNIVERSITY

No. CI-9/96

Annamalainagar,
29th January 1996.

NOTIFICATION

It is hereby notified that the Chancellor, His Excellency the Governor of Tamil Nadu, in exercises of the powers conferred on him under Section 12(1) of the Annamalai University Act 1928 (Madras Act I of 1929) has re-appointed Dr.M.G. Muthukumarasamy, M.S.,FACS,FICS,FMMC, as the Vice-Chancellor, Annamalai University for another term of three years will effect from 29.1.1996

Sd. xxxxxxxx
Registrar

To

1. The Secretary to His Excellency
the Governor of Tamil Nadu
Raj Bhavan, Guindy, Madras – 22.
2. The Secretary to the Government of India,
Education and Youth Services, New Delhi.
3. The Chief Secretary to the Govt. of Tamil Nadu
Fort St. George. Madras – 9
etc, etc.,

SPECIMEN MEMORANDUM – 1

Superintending Engineer's Office.
Telephones,
Pondicherry

No.01445578

Dated 31.07.1995

Sub: Issue of telephone out of turn – reg.

With reference to his application dated 2.6.1995 on the subject mentioned above, Mr. GnanaguruVivek is informed that it is not possible to issue telephone connection out of turn as requested by him.

xxxxxxx

for Superintending Engineer

SPECIMEN MEMORANDUM – 2

Office Memorandum No.CI/1166/95/ dated 8.3.95

Sub: Establishment – Miss K. Vijayarani. Lecturer in Commerce,
Permission granted to attend workshop – Orders – Issued.

Ref: Orders of the Vice-Chancellor dated 5.3.1995.

Miss K. Vijayarani.Lecturer in Commerce, is permitted to attend the Workshop from 14.3.95 to 16.3.95 at the Madurai Kamaraj University, Madurai without any financial commitment to this University except treating her absence during the above period as on Other Duty.

xxxxxxxxxx

For Registrar

To

Miss K. Vijarani
Lecturer in Commerce
through the Director

c.c to The Director, Directorate of Distance Education

SUMMARY

Official correspondence vastly differs from commercial correspondence both in its contents and style. The format also is different. Except in the case of Demi-Official letters there will be no personal touch in the communication. The official communication may be classified as (a) Letters, (b) Demi-Official Letters, (c) Memorandums, (d) Circulars, (e) Notifications, (f) Communiques and (g) Endorsements.

Self-Examination Questions

1. What do you understand by Official Communication?
2. State the essential characteristics of Official Communication.
3. What do you understand by D.O Letters? When are they written?
4. Give two examples of 'Memorandum' and 'Endorsement'.
5. What is 'Notification'? How does it differ from a 'Circular'?

LESSON 7.2

PUBLIC RELATIONS

Learning Objectives

After reading this lesson you should be able to understand:

- The meaning and nature of Public Relations
- Aims of Public Relations
- Methods of Public Relations

MEANING OF PUBLIC RELATIONS

Unless a company or firm maintains effective public relations constantly projecting its image, the image of its products and the image of its brand, its very existence may come to be threatened in course of time. Nowadays even Government and Public Sector organizations are concerned with maintaining sound public relations. The Post of Public Relations Officer (P.R.O) is becoming more and more relevant in these days of misinformation campaigns by the interested parties. Through the Ministry of Information, the Government works ceaselessly to take all important messages to the public. In times of stress and tensions, it is the public relations department through its press releases which educates the public and help to reduce the tension and strife. Even in times of peace, the Public Relations Department can do a lot to communicate with the 'people' on whom the company depends for its survival and growth. The 'people' are the customers, prospective customers, shareholders, investors, middlemen and personnel of the organization. Even the Government's policy decisions can be successfully influenced through a well planned and carried out public relations campaign. People form images about an organization from many sources. This may either be positive or negative. If negative images are likely to build up, the public relations should try to defuse the through its work. The work should cover all areas and not merely one or the other. The public relations work is a continuous affair.

DEFINITION OF PUBLIC RELATIONS

Public relations may be defined as 'the deliberate, planned and sustained effort to establish and maintain mutual understanding, between an organization and its public'.

AIMS OF PUBLIC RELATIONS

From a perusal of the above definition of Public Relations it may be clear that its main aim is to establish contact and maintain an atmosphere of mutual understanding.

The other aims are:

1. Building the image of the company, its products and brand
2. Developing store loyalty and brand loyalty among the customers.
3. Defusing tensions and prejudices in times of conflict and crisis
4. Enlisting popular support to the company's endeavors or campaigns to draw the attention of the rulers of the country.
5. To build the morale of the employees and enlist their cooperation and loyalty.
6. To develop business by increasing the turnover.
7. To use public relations as a bridge between the company and the public.

METHODS OF PUBLIC RELATIONS

The large and medium-sized companies may have a separate department to carry on the public relations work all through the year both in normal times as well as in times of stress. Smaller ones may not go in for such an arrangement but, nevertheless, maintain the public relations through other means such as courteous treatment of customers, prompt attention to their complaints, their orders etc. Even the correspondence that goes between the company and the public will be utilized to maintain sound public relations by adopting a proper attitude and using appropriate language. For example, maintaining 'You-Attitude' is an instance in maintaining good public relations. However, over a period of time certain time-tested methods have become popular in the business world for public relations work. These include press releases, exhibitions, fashion shows, displays and demonstrations, trade fairs, consumer meets, open house, film publicity, television, sponsoring of sports and motor races, distribution of printed literature and such other devices meant for giving information about the organization, its products etc., to the public to create an understanding and to project the organization's image.

Press Release: In the life of a company there may come some important occasions such as obtaining ISO Certification, obtaining a prestigious tender for the erection of a plant against global competition, completion of a prestigious construction within a short span of time, taking a new line of manufacture, scaling new heights in turnover etc. On such occasions, the company may arrange for publication of special feature articles in leading newspapers.

This besides giving due publicity for the company will go a long way in boosting the morale of the employees.

Exhibitions, Trade Fairs, Fashion Shows etc: Whenever opportunity is available, the company may build public relations by participating in exhibitions, trade fairs etc., organized by the Government or trade associations. It may also conduct fashion shows and beauty contests.

Consumer Meets: Consumer meets may be arranged on fixed dates every month in the case of companies marketing services such as banks and insurance companies. Such meets may be used both for building public relations and for redressing public and customer grievances.

Open House: Open House meet may be arranged to get feedback from the personnel and the members of the public.

Film, and Television: Specially produced films and programmes by others on particular themes such as health care, sports, religion, entertainments etc., may be sponsored by the company on television, Such films may also be exhibited at places where large gatherings are expected in connection with festivals, trade fairs, etc.,

Sponsoring of Sports etc: Yet another effective method of building up public relations is through sponsoring of sports meets and motor rallies. For example, Wills World Cup Cricket Matches and MRF Motor Rallies, sponsored by the Indian Tobacco company and the Madras Rubber Factory have projected their image and the image of their products in a very forceful way.

Nowadays, companies participate in socially relevant projects such as building Bus shelters, distributing food etc., to the storm and flood affected. Such participations are also exercises in building public relations.

Printed Literature: Printed Literature may also be sent to the public by direct mail to build public relations.

Villages Adoption: Adoption of villages by the nationalized banks to dispense credit to the farmers is also an exercise in building public relations. Institutions of 'Chair' for carrying out research in Universities is also an example.

SPECIMEN FOR ADVERTISING LETTERS

BAIGON CHEMICAL LIMITED

Churchgate
BOMBAY – 400 004

June 10, 1995.

Dear Mr. Meenakshisundaram

EVERY COCKROACH IN YOUR HOUSE IS THERE WITH YOUR FULL PERMISSION

I will prove this to you, if you give me two minutes to the reading of this letter.

I will rid your house of every last trace of cockroaches without one pie of your money being produced. I mean every syllable of that statement. I can't make it too strong. So, I am going to repeat it and emphasize it.

Tell me how many floors or rooms you have, and what size they are. I will send you enough of Baigon 'Hit' to exterminate them totally. And they'll stay exterminated for one year – ie., by any measure of time – full one year : Now let me tell you what Baigon 'Hit' is.

It is a liquefied gas that is not poisonous to humans. It is practically odourless. It is supplied in aerosol pack. Spray it where the cockroaches are. Then the fun begins. The cockroaches will fall dead in minutes. And they are gone forever.

And I prove all these things to you by standing behind our 25 years guarantee of 'No Kill – No Bill.'

You send me no money until the cockroaches are gone from your home.

Yours sincerely,

M. SHIRLEY GHOUR
Manager – Advertising

SUMMARY

Public relations may be defined as ‘the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its public. It is a continuous affair and helps to build images for the company-company image, product image and brand image. Helps also to boost up the morale of the employees of the organization. It becomes particularly significant in times of stress and crisis. Some of the methods of building public relations are through press releases, participation in trade fairs and exhibitions, sponsoring of sports, participation in community activities etc.,

Self-Examination Questions:

1. What do you understand by ‘Public relations’?
2. Why is maintaining public relations in a systematic way important?
3. What are the aims of public relations?
4. Explain some of the popular methods of building public relations known to you.
5. Do you think sponsoring of sports events like cricket or motor races will go to build public relations? Explain
6. Explain the scope of public relations.

UNIT VIII

Unit Structure:

Lesson 8.1 - Business Reports

Lesson 8.2 - Spoken Communication

Lesson 8.1 - New Age Communication Channels

LESSON 8.1

BUSINESS REPORTS

Learning Objectives

After reading this lesson you should be able to know:

- Meaning of Business Report
- Need for and importance of business reports
- Types of Business Reports
- Characteristics of a good business report
- Steps involved in the preparation of a report
- How to organize a report?

WHAT IS BUSINESS REPORT?

Reports are aids to management decision making, planning and control. They fulfil the information needs of management. They may be originating from an individual, a committee, a Board or a commission. They are always submitted to the person or authority seeking it. They may be oral or written. As such, a business report may be defined as an orderly and objective communication of information that serves some business purpose.

The main characteristics of a business report are (i) orderliness, (ii) objectivity and (iii) communication. By orderliness, what is implied is that it must not be casual. Objectivity means that the report must be based on facts and not prejudices and personal views. Communication means, that the report must reach the people who are to make use of it.

NEED FOR AND IMPORTANCE OF BUSINESS REPORTS

Report becomes necessary when there is a problem. The problem may relate to production, sales, financial status, plant and equipment, new product development,

personnel, plant location etc., Receiving of information in the form of reports and its subsequent analysis and interpretation is extremely important for the successful running of business. The management has to plan production and the sale of what is produced based on information about the production activity during a given period. Reports are needed to assess situations. They are helpful to test the correctness of the information already in possession of the management.

Reports are also needed for getting new ideas or insights into problem situations. Reports are also needed for enquiry and investigation. A wise management, instead of acting in haste, will ask for a report, and after assessing the situation and weighing the pros and cons alone will take decisive action. An objective report presented to unblessed manner will be highly useful for the management to take appropriate actions in problem stress such as failing sales, etc.,

TYPE OF BUSINESS REPORTS

The business reports lend themselves to several types of classifications, viz.,

- a) Informative Reports and Analytic Reports
- b) Formal and Informal Reports
- c) Statutory and Non-Statutory Reports
- d) Short reports and Long reports
- e) Letter Reports and Memorandum Reports
- f) Oral Reports and Written Reports
- g) Routing and Special reports.

Informative Reports: Informative reports carry only facts without any recommendations or opinions. Daily sales report, production report, expenses report etc., fall in this category. These reports serve as bases for making decisions by management later.

Analytic Reports: In addition to the facts, analytical reports present an analysis of the facts along with the interpretations, recommendations and suggestions. For example why sales have fallen during the last season may be studied and the findings presented in an analytical manner.

Formal Reports: Formal Reports are prepared and filed with the appropriate authority, viz., and the Registrar of Joint Stock companies in accordance with the requirements of a law or order or appointment made. Such formal reports may be statutory or non-statutory.

Informal Reports: Informal reports are communication from one person to another without any formal requirements or order, etc. It may be written in the form a letter.

Statutory Reports: The Companies Act, 1956 requires that a company should submit the following reports to the Registrar of Companies viz. Statutory Report, Director's Report, Annual Return, Auditors' Report and Report of Inspectors appointed by the central government for investigation into the affairs of a company.

Non-Statutory Reports: Non-statutory reports are a part of an information system designed to help the management in formulating policies, making decisions, planning, budgeting, etc., These may be sent to the management on a regular basis or when required. Examples of non-statutory reports are: 1) Directors' report to shareholders, 2) Financial Reports, 3) Report on meetings, 4) Reports by executive heads and officers of the company, 5) Reports of Committees of Directors or Special Committees, 6) Reports of the Secretary

Short Reports: Short reports are more common in business world. They need little introductory material. They begin directly with conclusions or recommendations. Personal writing is common in short reports.

Long Reports: Length and formality characterize long reports. It has a number of components or parts viz., 1) Preparatory part, 2) Report Proper and 3) Appendices. It is to be arranged in a highly technical manner.

Letter Reports: Letter Report is the common form of short report. It is written in a letter form. It is meant for someone outside the organization and is sent by mail.

Memorandum Reports: Memorandum Reports are between people who know each other. These are written quite informally. They are used in relation to routine or day-to-day affairs or problems. They have no introductory comment. Most memorandum reports are problem related.

Oral Reports: Oral reports are by means of spoken words by one person to another. It saves the time of the reporter. It is not suitable for serious communication or information meant for storage and analysis for appropriate interpretations and follow up actions.

Written Reports: Written reports save the time of busy executives who may read them when they are free. They become permanent records. They are not likely to be misinterpreted. They tend to be complete and accurate.

Routine Reports: Routine reports are those sent by departmental heads, salesmen etc. to the management which are insisted upon for control and feedback purposes. They may be sent periodically without waiting for specific demand.

Special Reports: Special Reports may be called for from the Secretary of the company, auditors and technical personnel pertaining to specific situations or problems. The secretary may be asked to report about the unrest among the staff. The auditor may be

asked to make an investigation on the suspected defalcation and report; and the technician about the frequent breakdowns in machinery affecting production schedules.

CHARACTERISTICS OF A GOOD BUSINESS REPORT

A good business report if it is to serve the purpose for which it is demanded should possess the following characteristics:

- 1) Clarity
- 2) Accuracy
- 3) Brevity
- 4) Restrained Language
- 5) Convenience

Clarity: Unless the information sought to be conveyed through the report is clear, the purpose of reporting will be defeated. To ensure this, appropriate words and simple language should be used.

Accuracy: To ensure accuracy, complete and correct facts should be presented in the report, Omissions and commissions should be avoided. Personal views should not colour the report.

Brevity: All irrelevant information and unnecessary details should be avoided in a report. The waste of time will be avoided through this. Brevity may even avoid unnecessary conclusions.

Restrained Language: All exaggerations, superlatives, conclusions not based on facts and sentiments should be strictly avoided. The language used should be restrained and should not be assertive. However, honest and unbiased opinions can be made.

Convenience: Use of restrained language will ensure convenience in reading the report. Side-headings, tables, charts, graphs and diagrams, if used liberally in the report, will add to convenience. A brief resume at the beginning and a summary at the end of the report may also be given.

Steps involved in the preparation of a long report formally

1. Defining the objectives of the report from the terms of reference.
2. Collection of all relevant information, evidences and data to draw meaningful conclusions.
3. Editing, classification and tabulation of data
4. Analysis of data
5. Drawing appropriate conclusions or inferences.

6. Making suggestions and recommendations, if the terms of appointment or order so require.
7. Preparation of the draft report.
8. Making necessary corrections and changes in the draft report.
9. Preparation of the final report for submission to the management

PARTS OF A FORMAL REPORT

The parts or format of formal report include the following; (a) The heading or title. (b) Letter of Transmittal (c) Table of Contents, (d) Body of the report, (e) References and Bibliography, (f) Index

Heading or Title: In a long report it is given both on the cover page and the inside sheet next to the cover. In a short report, it is written on top of the first sheet only.

Letter of Transmittal: A letter addressed to the authority to whom the report is submitted may be included after the inside title sheet.

Table of Contents: This shows chapter titles with pages duly marked. A separate table of contents for charts, tables and diagrams is given.

Body of the Report: The body of the report will contain (a) introduction, (b) the development of the subject and findings, (c) conclusions and summary.

Signature: The report should be signed.

References and Bibliography: This will be forming part of the report only when it is based on extensive research. It is nothing but a list of books, reports etc., cited in the report or consulted.

Index: For lengthy reports giving index at the end of the report is meant for easy reference of specific points.

Now you may go to study the specimen reports given.

DIRECTORS REPORT AND CHAIRMAN'S SPEECH

The Companies Act requires that a Directors' Report dealing with the following matters shall be attached to every Balance Sheet laid before a company in general meeting.

1. The state of the company's affairs.
2. How the company has fared during the year under report and why;
3. Prospects in the current year in which the Annual General Meeting is held:

4. Mention of any special difficulties such as heavy burden of taxation, labour trouble, transport bottlenecks, government policy, falling off in the demand, etc.,
5. Output and sales:
6. Changes in management etc.,
7. The disposal of profits of the company, the non-distributable amount to be credited to any reserves and the distributable amount recommended in the form of dividends or bonuses on the various classes of shares.

The Directors' Report must be duly dated and signed by the Chairman of the Board if he is authorized to do so or it shall be signed by not less than two directors of the company, one of whom shall be a Managing Director where there is one.

Specimen Directors' Report

TAMILNADU SOAPS LIMITED

DIRECTORS REPORT

To
The Shareholders
Ladies and Gentlemen,

Your directors have pleasure in submitting their Annual Report on the affairs of the company, together with the audited accounts, for the year ended 31st December 19....

	Rs.
The accounts show that the profit for the year after deducting normal depreciation of Rs.6,13,250 and providing .9,50,000 for taxation, amounts to	6,64,989
ADD Balance brought forward from last year	1,62,802
	8,27,791
Amount brought forward	8,27,791
LESS Amount paid as interim dividend at the rate of Rs.6/- per share without deduction of Income tax	6,00,000
	2,27,791
ADD Amount transferred from:	
General Reserve	Rs.5,25,000
Equalisation of Dividends Reserve	Rs.5,00,000
	10,25,000

	----- 12,52,791
From this amount the Directors recommend a final dividend at the rate of Rs.12/- per share without deduction of Income tax, which will absorb	12,00,000
Leaving to be carried forward to next year's	----- 52,791 -----

Turnover

Turnover in 19 amounted to Rs.33.19 crores. Turnover by commodities was:

	Tons	Rs.
Soap and other detergents	64,775	14,31,51,000
Vanaspathi, etc.,	69,671	14,31,51,000
Toilet preparations		63,63,000
Glycerline and Groundnut cake		1,74,49,000
		----- 33,19,24,000 -----

Raw Materials

Prices of oils and fats were higher in 19..... than in the previous year and were subject to market fluctuations particularly in coconut and groundnut oils. In the early part of the year the price of groundnut oil – our main raw material – increased mostly because of good demand.

Distribution

At one time the company relied primarily on the railways for the carriage of its products to its customers throughout India. In the last few years growing use has been made of road transport.

Exports

The company has been very eager to increase its exports to help earn the foreign exchange the country so badly needs. Exports of vanaspathi were hampered by the high price for much of the year of the main raw material, groundnut oil. Nevertheless, by making selling prices as competitive as possible, the company succeeded in increasing exports of vanaspathi from 1,188 tons valued at Rs.28 lakhs in 19..... to 1,324 tons valued at Rs.33 lakhs in 19.....

Taxation

The income tax Authorities have not yet completed the assessment of the company's profits for the year ended 31st DecemberProvision for taxation amounting to Rs.9 ½ lakhs on the Profits of the year, and for any liability for uncompleted

assessments including Wealth Tax for the years 19..... and 19..... has been made in the accounts. To meet the extra liability, the Directors have thought it fit to transfer Rs.5 ¼ lakhs from the General Reserve Account.

Personnel

Personnel relations throughout the year were good. In 19..... an agreement was signed with the Employees' Union on wages, bonus and retirement provision up to the end of 19.....

Directors

Under Article 134 of the company's Articles of Association two of the directors Mr.A.B and Mr.C.D. retire by rotation but offer themselves for re-election.

Auditors

It is necessary to appoint auditors and to fix their remuneration.

Chidambaram,

5th May 19...

(Sd.) Chairman

On behalf of the Director.

REPORT OF THE SECRETARY OF A COMPANY RECOMMENDING ESTABLISHMENT OF A RECREATION CLUB FOR EMPLOYEES

ROCKFORT CEMENT CORPORATION LIMITED
TIRUCHIRAPALLI – 602 002.

June 15, 1995.

The Executive Director
RockFort Cement Corporation Ltd.,
Tiruchirappalli – 620 002.

Sir,

Sub: Report on establishment of Staff Recreation Club at the Registered Office.

There is a genuine case for the establishment of a Recreation club for the employees of the company at our headquarters. There has been a persistent demand for this facility for quite some time from the employees and their Union. As the demand has become more insistent in recent times. I am of the opinion that we should grant this request and with your permission I submit the estimate prepared for your consideration.

Premises for the Club: Our old guest house remaining unused now is the most suitable place for housing the proposed club. The open grounds adjacent to it could serve as playgrounds. An expenditure of about Rs.39,000 may be required for making improvements and alterations.

Equipment's and Furnishing: A further sum of Rs.50,000 may have to be spent on the following:

	Rs.
Furniture and Furnishing	15,000
Water Coolers – 2 Nos.	15,000
Table Tennis Tables – 4 Nos.	20,000

	50,000

Recurring Expenses per Annum: Annual recurring expenses would be

	Rs.
Salaries to Attenders	24,000
Electricity Charges	2,000
Sundry Expenses	1,000

	27,000

As the expenditure involved is not large, the proposal may be favorably considered and the long-felt need of the employees fulfilled.

Yours faithfully

N. Ramesh Kumar
Secretary

A LETTER REPORT FROM THE SECRETARY OF A COMPANY ON FALLING SALES

SNOWWHITE COOLERS LIMITED

30, Nehru Street,
PONDICHERRY - 1

May 2, 1995.

The Executive Director
Snowwhite Coolers Limited,
Pondicherry – 605 001.

Sir,

Sub: Report on the Falling Sales at the Karaikal Region during the last half-year.

From the on-the-spot study and the feedback from our field staff and our stockiests at the Karaikal region, the fall in sales noticed there during the last half year are mainly traceable to the increased presence of competition from our market rivals. They had stepped up their promotion campaigns and offered more incentives to the customers and middlemen. Compared to their marketing efforts, our had been very deficient particularly in advertising in the mass media, television.

Further, at Karaikal town proper two duty-free shops have come up and they are doing brisk business attracting even the rural population to join the town.

In these circumstances, it is absolutely essential on our part to step up promotional campaigns and offer incentives to the customers and middlemen to make them patronize our products.

Yours faithfully,

V. Siddharth
Secretary

SUMMARY

Business reports are aids to managerial decision making. It fulfils the information needs of management. The reports may be sent by individuals committees, a Board, technician, auditors or a Commission of Inquiry. A business report may be defined as an orderly and objective communication of information that serves a business purpose.

The types of business reports include: (1) Informative and Analytic Reports, (2) Formal and Informal Reports, (3) Statutory and Non-Statutory Reports, (4) Short Reports and Long Reports, (5) Letter Reports and Memorandum Reports, (6) Oral Reports and Written Reports and (7) Routine Reports and Special Reports.

The essential characteristics of business reports are: (1) Clarity, (2) Accuracy, (3) Brevity, (4) Restrained Language and (5) Convenience.

The steps involved in the preparation of a long report are: defining the objectives, collection of information, editing, classification, & tabulation of data, analysis of data,

drawing conclusions, making suggestions and recommendations, preparing the rough draft, making necessary corrections and changes, and preparation of the final report.

The parts of a formal report are: Title, Letter of Transmittal, Table of Contents, Body of the Report, References and Bibliography and Index.

Self-Examination Questions

1. What do you understand by Business Report?
2. Why business reports are considered as tools of management?
3. State and explain the essential characteristics of a business report.
4. Distinguish between:
 - (a) Formal and Informal Reports
 - (b) Informative and Analytic Reports
 - (c) Statutory and Non-Statutory Reports
 - (d) Oral and Written Reports.
5. Explain the steps involved in the writing of a formal long report.
6. Write a report as from the Secretary of a company explaining the proceedings of the Board to a director who could not attend it.
7. Write a report to the Executive Director of the company on the location of a branch office highlighting the various facilities and the scope for business.
8. Write a report to the Chairman of the Board of Directors of the company about the recent unrest among the workers in the factory.
9. Write a report to the Chairman of the Board of Directors of the Company on the follow-up actions taken by you as secretary of the company to effect economies in the use of office stationery following a directive from the Board in this regard.

LESSON 8.2

SPOKEN COMMUNICATION

Learning Objectives

After reading this lesson you should be able to know:

- The nature of spoken or oral communication
- The merits and limitations of spoken communication
- Media for spoken communication
- Recent advances in spoken communication through Cellular Phones, Teleconferencing.
- Recent advances in communication through Electronic Mail, Fax and Telex.
- Paging services.

WHAT IS SPOKEN COMMUNICAITON?

Spoken communication holds a unique place in modern day's business. Its role in influencing human behaviour cannot be underestimated. However, it need not be face to face or one to one. Distance between persons is not a bar for spoken communication. Long distance contact is the order of the day through the use of STD and the link has become inter-continental. The introduction and availability of cellular phones and pager system has revolutionized the world of spoken communication for business community and others. Telephones are being used for audio conferencing and conducting meetings by telephones is quite possible nowadays. There is also facility for videoconferencing where participants are brought together through television displays. There is also pager system through which oral communications can be sent and received even while on the move.

MERITS AND LIMITATIONS OF SPOKEN COMMUNICATION

The great merit of spoken communication is the element of personal touch and greater flexibility. Doubts can be clarified on the spot and the understanding of the message will be easy. Important points may be emphasized. The feedback also will be instantaneous. However, spoken communication suffers from certain limitations. The most important limitation is the absence of permanent record of what is communicated.

Spoken communications are likely to be misunderstood and misinterpreted. Sometimes, it may not be taken seriously by the receiver. It is also not suitable for lengthy messages or communications.

TELEPHONES

Among the devices that had revolutionized spoken communication, telephones top the list even-today. Modern telephones have facilities for redialing, number storing, call waiting and other features. Even photo phones have come. The idea of combining voice (analog) and data (digital) transmission capability using telephone technology has significant potential for business communication.

CELLULAR PHONE

Cellular telephone is a type of mobile telephone originally developed by AT and T in 1946. These phones allow business communicators to communicate from wherever they are instantly at any time of day or night. The messages are carried via regular telephone lines.

How cellular phones work? Large cities are divided into smaller sub-areas called 'cells'. These 'cells' are connected to one another through sub-area antennas, transmitters and individually assigned frequencies. As vehicles move from one 'cell' to another, a computer transfers a call automatically to successively adjacent 'cells', without the caller's or receiver's awareness. These can be achieved through telephone because the calls originate and end in 'cells'. The special feature is the maintenance of voice quality throughout each conversation. Therefore, the advent of cellular phones in India is going to change business communication tremendously and along with it, the business environment as well. To put it in a nutshell, technology has brought business communication to the driver's seat in the shape of cellular phones. However, the negative feature of this mode of spoken communication is the high operational cost. This problem may disappear as technology develops further.

Voice Processing and Voice Synthesizing: Two application areas involving telephone technology are voice processing and voice synthesizing. In voice processing recording devices are used to answer telephone calls. Recording devices can take from and give messages to incoming callers. Some machines can be accessed by a remote beeper to determine when a call was received and who made the call. It is also possible to determine the place and phone number from which a call originated. Voice synthesizing enables

access to stored written material and having it read over the telephone with recorded words. Through this, business executives can call the desired telephone numbers and have their stored messages on electronic mail systems read to them through voice-synthesized systems.

TELECONFERENCING

Through advanced technology, conducting meetings among several people who are in different places has become possible nowadays. This is known as 'teleconferencing'. Teleconferencing eliminates the need to travel and leads to savings in cost. There are three forms of teleconferencing, namely, Audio conferencing, computer Teleconferencing and Videoconferencing.

Audio conferencing: The oldest form teleconferencing is audio conferencing through the use of telephones. In this type of conferencing the participants communicate by telephone through what is known as 'conference call' in which three or more people are connected at one time all can hear and all can talk. However, only a limited number of people can participate.

Computer Teleconferencing: This involves conducting of all conference activities through computer terminals. In other words, the participants communicate through computer. Their dialogue is stored in the computer's memory. Questions can be put and answers obtained. The participants need not even be present at the same time. They can read others' comments and put in theirs at their own convenience.

Videoconferencing: This is the most modern of all. Here, conference of meeting is conducted through television displays of the participants and with the sounds of their voices. The major feature being the facility of seeing and hearing one another. As a result, videoconferencing measures very close to a real meeting. Further, the videotapes of meetings can be made and kept for record.

Telex: Telex is meant for dispatching a written message over long distances and to secure an immediate response to the message sent. The response is recorded in the return message dispatched by the receiver. There is no loss of time either way.

The working of the telex mechanism is such that as soon as the instrument is activated at one end, the instrument at the other end to which it is linked begins the job of

recording the message. Operators at either end immediately answer back. In case the person for whom the communication is meant is not immediately available to send the reply, the operator relays a message saying that the message has been received but that he would be on the line later to send the desired information. Sometimes, even the reply may not be necessary. Whereas in the communication through telephone, spoken word conveys the message, it is the written word that does the job on the telex. Further, the teleprinter goes into operation automatically as the message is relayed and mechanically records it without the need of an attendant. Therefore, the messages could be collected periodically.

ELECTRONIC MAIL

Electronic mail refers to the process of sending messages through an electronic communication network via satellite.

FAX (Facsimile)

FAX or Facsimile Machine is one of the innovations used in electronic mail. This machine scans a document, converts information into electronic impulses, and sends the impulses by telephone to a facsimile receiver. The receiver converts the impulses into the original print or graphic form. So the facsimile system can transfer printed words, pictures, charts, etc., it is both fast and inexpensive. It has become very popular in modern offices nowadays.

PAGERS

Pagers also work more or less on the lines of cellular phones but within a limited radius. Both voice models and display models are available. A person can carry the pager in his pocket and receive the message wherever he may happen to be. It is very useful for business people working in large complexes to keep in touch with their staff, as well as when on the move within the city limits.

SUMMARY

Spoken communication in spite of its inherent limitations has a unique place in modern day's communication. Due to the availability of so many devices and equipment's such as telephones, cellular phones, electronic mail, teleconferencing, FAX, pagers, etc., distance between persons is no longer a problem for spoken communication. The hindrance of space has long been overcome, thanks to the fast technological development in means of communication.

Self-Examination Questions:

1. Explain the need for and the limitations of spoken communication in business.
2. Explain the media available for spoken communication
3. Write a note on the recent advances in spoken communication in India.
4. What do you understand by Telex and Electronic Mail? Explain
5. What do you understand by teleconferencing? Explain its forms.
6. What is FAX? Explain its significance in business communication.

LESSON 8.3

NEW AGE COMMUNICATION CHANNELS

Learning Objectives

After reading this lesson you should be able to know:

- The need and importance for new age communication channels in business
- Types of New age communication channels used in business
- Merits and demerits of different modern communication channels

NEW AGE COMMUNICATION CHANNELS

Communication has seen drastic changes in last century. The advancement in science and technology has affected the way people communicated with each other on this globe. The change has been felt more over in Business Communication. One of the reasons of effect of technology on Business Communication has been the phenomenon of Globalization. In past two decades, the world has shrunk into a global village. This world has become small because of modern tools of communication. How fast and accurately the message is sent is also very important. Thus, the role of modern technology and internet tools becomes vital in business communication. These modern tools have become part and parcel of business setup. The open international economic system has made it essential for all business houses, big or small, to remain connected, round the clock, with the world. And without these tools no business house can afford to win customers. Let us study these modern business communication tools in detail and see how effectively

they can be used for communication. We shall also throw some light on their advantages as well as disadvantages.

INTERNET:

The role of the Internet in business communication is varied and has come to be of great importance. It can be used to increase effective communication both internally and externally. Use of the Internet can make it easier to connect with others quickly and more often, in addition to exchanging a wide array of media types. It can be used to communicate purchase information to vendors and by customers to ask questions. The factors that make the role of the Internet in business communication important can also cause conflict, depending on the way the medium is used. Email is one of the most popular uses of the internet in business communication. It is widely used for both internal and external communications. One of the most significant internal uses of the Internet in business communication is the intranet site. This is a website that is only available to the members of a particular organization. An important method of external use of the Internet in business communication is the website. This can be an effective method of communicating with customers, vendors, and business partners. Some roles of the Internet in business communication are less positive. Though the speed with which communications can be sent over the Internet can be useful, it can also lead to complications. This can include errors in documents which are sent so quickly that they cannot be corrected in time to avoid a costly mistake.

WEBSITE:

Virtual location on WWW, containing several subject or company related webpages and data files accessible through a browser. Each website has its own unique web address (see uniform resource locator) which can be reached through an internet connection. The opening page of a website is usually called homepage which contains hyperlinks to other pages on the same or other site(s). A dedicated website for business is not only for marketing or sharing information about the business but it also is a strong communication link to connect with the customers. Some such websites are <http://www.rbi.org.in>, <http://www.pondiuni.edu.in>, www.nokia.com, www.licindia.com.

Advantages

- The company can maintain direct contact with the customers.
- Instant availability of information.
- Giving customers a choice to select and compare the products and services.

- Opening window for ecommerce, wherein customer can buy products/services online.
- Instantly solving grievances of the customers, which is very important in the competitive world.
- Reading minds of customers – for this, space for ‘comments’ by customers should be available on website wherein customer can ‘text’ some message as feedback.

Disadvantages

- Cost of development and maintenance.
- It should always be under the vigilance. Interactive websites should be protected from hackers.
- There should be personnel always virtually present to reply to customers’ queries and grievances. Delay in responding to customers.
- Ignorance of customers in using website for communication.

EMAIL:

Electronic mail (email) is a letter transmitted using internet technology. The transmission may be between two computers or smart mobile devices which support transmission of data through internet. The beauty of email is its speed of transmission. Now and then, email is compared with traditional mail where in email stands triumphantly ahead because of its speed and cost effectiveness of transmission of information. The email reaches farthest corner of the globe within millisecond. The only condition is that the said corner should be connected through internet. It does not only send text-messages, but also sends images, colorful graphics, audio and video messages (multimedia messages). Emailing is almost free of cost. Today, there are several email service providers like Yahoo, Google, Hotmail, Rediff mail, India times etc., which give unlimited space for storing incoming and outgoing mails, that too, totally free to the users.

Advantages

- Email is fast in transmitting multimedia messages.
- It saves time and money as it is very economical.
- The communication is written and thus has more legal importance than other electronic communications.
- It is easy to retrieve email communication for future reference.
- It facilitates communication with multiple parties at a time.

- It is most suitable for open international economic system which is characterized by changing business environment, geographically distributed workgroups, extreme mobility and the need of rapid information dissemination.
- Email services are available on smart phones, PDAs, and other such hand-held devices. So, even without computer or laptop, accessing email is easy and user-friendly.

Disadvantages

- The free email service providers do not guarantee secrecy of the messages transmitted over emails. Thus, it becomes harmful to business if such free service providers' email platform is used for business transactions.
- It does not create better context for communication, and it does not clarify the tone of messages.
- It is sometimes seen as impersonal and prone to misunderstanding, because verbal cues and context are missing.
- Managing unwanted (spam) mails is biggest problem.
- Uncertainty in receipt of mail to the receiver.
- It is asynchronous communication and so is not as effective as telephonic conversation or chatting communication on IMs (Instant Messages).
- Lack of infrastructure in remote rural areas poses biggest hurdle in its spread and reach.

SMART MOBILE PHONES:

Mobile phones (smart as well as simple) have better penetration in the market than laptop or computer or internet technology. It is believed that the uses of mobile phones are ten times greater than internet users in India. The growth rate of mobile phone users is far ahead of internet users. Thus, it gives greater opportunity in using smart as well as simple mobile phones as business communication tool. All simple phones come with facility of SMS (Short Message Service). The SMS has tremendous potential to be very effective business communication tool. The smart mobile devices have several inbuilt applications and others are downloadable. Such applications run with the help of GPRS internet connection. Thus, such GPRS enabled mobile devices provide better business communication opportunities.

Advantages

- An SMS can reach wider audience in almost no time and there are far more chances of the message being read instantly than that of website / blog / email.
- The chances of instant feedback are also far better with SMS.
- Useful for marketing.
- The SMS ensures less spam, it is cost effective and time saving.
- It is helpful in market campaign, promotion of product, survey and voting.
- The GPRS enabled phones can be used in viewing websites, blogging and mailing.
- The development of software applications helps in ecommerce, paying utility bills, fund transfers etc.
- Possible for transmitting audio and video messages.

Disadvantages

- The health hazards which are supposed to cause terrible mental and physical illness because of extensive use of mobile phones.
- The ban on unwanted SMS and mobile calls may be disadvantageous to business houses.
- The infrastructure for WLAN or 3G is still at primary level and it may take long time in spreading its penetration in towns and rural places.
- Cost of the hi-tech mobile devices.

BLOG:

Blogs are traditionally known as digital diaries to keep records of journey, routine work or sharing information on relevant topics or used for self-expression. Just like email service providers, there are free blog service providers. Some of the popular free blog servers are www.blogger.com, www.wordpress.com, www.bigadda.com etc. The companies have their own personalized blogosphere which is much protected and under control from unwanted users and hackers. The openness and transparent nature of the blog can be used effectively by business houses to provide online platform to their stakeholders to access relevant, useful and timely information.

Advantages

- It is almost free to start a blog and maintain it.
- It helps to disseminate information quickly, efficiently and effectively to their clients and to other operating units of the business.

- It facilitates more open and direct communication channel with all stakeholders.
- It helps in reduction of cost for communication with clients and other stakeholders.
- It helps in collaboration from various workgroups situated geographically at remote places.
- Blogs can be linked with email and SMS. It helps in instant transmission of information as and when blogs are updated with latest information.

Disadvantages

- Blogs are good for service providers rather than product sellers.
- Need for skill to make optimum use of blogs.
- Lack of infrastructure and awareness in remote areas.

VoIP:

Voice over Internet Protocol (VoIP) is voice messaging technology. It is a technology that enables voice messages to be sent via the Internet, often simultaneously with data in text or other forms. It is attractive to business people because it helps in making far distance (international) calls and transmission of voice data almost free of cost.

Advantages

- The cost effectiveness on long distance calls. Some of the software's used for this purposes are Skype, G-Talk, and Yahoo Messenger etc.
- It also helps in conducting meeting or video conferencing (if webcam is also connected) with various work groups from various parts of the globe.
- VoIP is also available on smart mobile phones. It really integrates business needs and optimizes business communication.

Disadvantages

- Lack of secrecy in calls. The VoIP communication can be intercepted, traced and recorded.
- Need for internet connections and devices with both parties.
- Need for high speed internet connection.
- The lack of infrastructure in remote areas.

INSTANT MESSENGER (IM) / CHAT APPLLET:

This kind of applications helps in synchronous communication with the people logged in to it. Some of popular chat applets are Yahoo Messenger, Google Talk, MSN messenger, RediffBol, Skype, Whatsapp, Nimbuzz, and several others for mobile devices. As and

when two people, remotely situated, get connected through similar chat applet, via internet, they can type and send message to each other. The typed messages are displayed on each computer or mobile phone almost at the same time. Thus such communication is known as synchronous, whereas emails/sms are asynchronous communication.

Advantages

- It is possible to communicate, one to one, one to many, many to many instantly with lesser or no cost.
- No restriction of geographical area.
- Exchange of images, videos, presentation files are also possible.
- Possible to make calls and have group discussion or meeting also.
- It is very effective tool in problem solving as IMs provides instant responses.
- Its compliance with mobile phones.

Disadvantages

- People doesn't take as a serious business communication tool, since it is an informal form of communication.
- Less reliability of conversation than email or blog.
- Need for higher effort in using as a business communication tool.

VIDEO CONFERENCING:

Videoconferencing may be described as a method of conferencing between two or more locations where both sound and vision are transmitted and received so as to enable simultaneous interactive communication. Due to its cost it was originally only used by multinational companies to link worldwide sites. However, as the technology has improved and costs have fallen dramatically, it is now used extensively in education and commerce. Videoconferencing can save significant amounts of money in terms of both travel costs and time. It can also open up new methods of communication e.g. linking several schools together to enhance the learning experience. Videoconferencing is certainly growing very rapidly, and can save a great deal of money. Multinational corporations have been routinely using it since the 1980's. A videoconference is a live connection between people in separate locations for the purpose of communication, usually involving audio and often text as well as video. Videoconferencing (or video conference) means to conduct a conference between two or more participants at different sites by using computer networks to transmit audio and video data. The popular software

applications facilitating video conferencing are Skype, Magnocall, ooVoo Video chat, Bistri etc.

Point-to-point (two-person) video conferencing system works much like a video telephone. Each participant has a video camera, microphone, and speakers mounted on his or her computer. As the two participants speak to one another, their voices are carried over the network and delivered to the other's speakers, and whatever images appear in front of the video camera appear in a window on the other participant's monitor.

Multipoint videoconferencing allows three or more participants to sit in a virtual conference room and communicate as if they were sitting right next to each other. Until the mid-90s, the hardware costs made videoconferencing prohibitively expensive for most organizations, but that situation is changing rapidly. Many analysts believe that videoconferencing will be one of the fastest-growing segments of the computer industry in the latter half of the decade.

Advantages

- Convenience
- Cost savings for travel, accommodation and staff time
- Ability to link several sites simultaneously
- Access to remotely located experts
- Having a set time for the meeting encourages more control and less time wasted on non-agenda items

Disadvantages

- The quality of the received images can be compromised by the technology
- On lower quality links, movement can be jerky
- Body language can be lost if movement is jerky and/or picture quality is reduced
- There May be a delay on the sound that participants need to get accustomed to
- Some believe that the atmosphere of a normal face-to-face meeting is lost

SOCIAL NETWORKING SITES:

Social networking Sites (SNS) is a web site that provides a virtual community for people interested in a particular subject or just to hang out together. Members create their own online profile with biographical data, pictures, likes, dislikes and any other information they choose to post. They communicate with each other by voice, chat, instant message, videoconference and blogs, and the service typically provides a way for members to

contact friends of other members. Though, it is still used by teenagers for killing time, several business houses have realized its potential to woo teenage customers and are making effective use of it in establishing essential communication links with younger generation. One can find dating sites, friendship sites, and sites with a business purpose and hybrids that offer a combination of these. The popular SNS are Facebook, Twitter, Linked-In, Pinterest, Google Plus, Instagram, Flickr etc. The corporate houses have realized the power and potential of popular SNS. Now-a-days, there are several companies having their twitter account and they create trail of ‘followers’. They tweet to market their product and services. The customers can ‘retweet’ and have discussion, ask questions and have two way communications with the company through twitter. The companies also have their pages and groups / communities on Face book. They make optimum use of free space provided by these SNS to have their website or blog like pages and also woo customers over such web platforms. SNS is that it gives opportunity to companies to reach wider audience and it is again free of cost. It gives customers to reach the company without wasting much of their time and money.

SUMMARY

The uses of modern communication channels in the day to day business transactions are very much important in this globalized world. Business cannot move without updating the technology changes happening to deal with ever changing economic environment and competition. The modern communication technology like Internet, Video conferencing, Tele conferencing, Instant Messengers, Social networks, blogs etc. are widely useful medium for the business to tackle the above situation.

Self-Examination Questions:

1. What are the needs and importance of modern communication channels?
2. Describe a brief about the new age communication channels available in the business world?
3. Describe the advantages and disadvantages of modern communication channels?