

**PERIYAR INSTITUTE OF DISTANCE EDUCATION  
(PRIDE)**

**PERIYAR UNIVERSITY  
SALEM - 636 011.**

**B.B.A. BANKING  
SECOND YEAR  
PAPER – IV : BUSINESS COMMUNICATION**

Prepared by :

**Dunstan Rajkumar**

HOD Business Administration

M.G.R. College of Arts and Science

Hosur Tk

Krishnagiri Dt.

**B.B.A. BANKING**

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**PAPER - IV : BUSINESS COMMUNICATION**

**UNIT I**

**UNIT II**

**UNIT III**

**UNIT IV**

**UNIT V**

## **INTRODUCTION**

Dear Students,

PRIDE appreciates you for having joined into I year BBA (Bachelor of Business Administration) degree course.

The study material of Business Communication is configured into five units in such a way that it evinces interest and strong desire in the effective business communication skills.

The first unit deals with the blue print of business communication stating the objectives, types components and layout of a business letter. The second one analysis of different kinds of business letters in thread bare.

The segment of third unit explores the correspondence in the aids to trade such as bank, insurance, newspapers and so on.

The fourth unit is allotted to describe the secretarial correspondence which develop the relationship in various stackholders of business, and the last and the fifth chapter is designed for effective report writing. The overview of the recent trends in communication such as Email, internet are also highlighted appropriately.

I would be pleased if you learn and enrich your knowledge and skills to serve the society.

With best wishes and regards.

**B.B.A. BANKING**  
**SECOND YEAR**  
**PAPER - IV : BUSINESS COMMUNICATION**  
**UNIT - I**

Structure

- Introduction
- Learning Objectives
- 1.1 Introduction to Communication
- 1.2 Objectives of Communication
- 1.3 Types of Communication
- 1.4 The 7'C' Principles of Communication
- 1.5 Layout of a Business Letter
- Summary and key words
- Self Assessment Questions and Answers
- Exercises
- Recommendations for Further Reading

## UNIT - I

### INTRODUCTION

Communication is a word of Latin origin: It means Sharing - Sharing of information or intelligence. The most common medium of communication is language. While speaking we often resort to physical gestures. We wave our hands; shrug our shoulders, smile and Nod to reinforce what we say. Though all the living creatures of this universe transmit information from one to another, man has a great potential in making it effective and that it has had many stages of evolution since the era of stone-age men.

This unit attempts to provide the meaning, objectives, various types and principles of communication. This is further elaborated by layout of business letters with suitable examples.

### LEARNING OBJECTIVES

At the end of this unit, the reader will be able to:

- ❖ Understand the meaning and objectives of communication
- ❖ Know the various types of communication and their applications in the business environment
- ❖ Understand the 7 'C' principles of communication
- ❖ Figure out the Business letters

### 1.1 INTRODUCTION TO COMMUNICATION

Communication is the art of transmitting information, ideas and attitude from one person to another. For a communicator it requires either an internal or an external stimulus to pass the information and ideas to someone and the response results from the receiver.

"Communication is an exchange of facts, ideas, opinions, opinions and emotions by two or more persons"

- Newman and Summer

"Communication is the process of by which information is transmitted between individuals and / or Organization so that an understanding response results."

- Peter Little

"Communication is an intercourse by words, letters, symbols or messages and a way that one member shares meaning and understanding with another."

- Belson and Gibson

Communication process can be well understood by the below figure

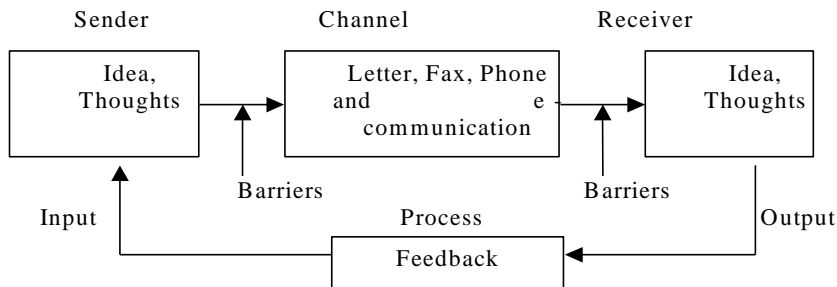


Figure 1.1 - Communication Process

## IMPORTANCE OF COMMUNICATION

In every business, a large amount of communication is oral and written. About one third of managerial time is spent on communication, it includes talking and writing to others.

Business communication can play an important role in ensuring efficiency and success of any organization. It functions through planning, organizing, staffing, directing and controlling. In fact, these are the main and basic functions of business management. Without Communication, Management can not perform its functions.

Modern business is very complex. Since the start of Liberalization, Privatization and Globalization, whole nature of business is changing rapidly.

The following aspects make communication to be more important.

- ❖ Size of Business
- ❖ Specialization
- ❖ Tremendous Competition
- ❖ Harmony
- ❖ Motivation
- ❖ Image Building
- ❖ Policy formulation and Implementation.

### I) SIZE OF BUSINESS

The size of business undertakings is increasing due to many reasons. Business enterprise has to open branch offices at different places. In order to have a proper co-ordination between branch and head office, the officer

concerned has to keep liaisons through different types of communication methods.

## **II) SPECIALIZATION**

This is the age of specialization. Everybody wants to become an expert in his sphere. Specialization always invites departmentalization. Each department should be in touch with the happenings in other departments. For instance, production department has to collect information from sales department. and stores department. unless there is close interaction between the department, things will not happen in the proper direction.

## **III) TREMENDOUS COMPETITION**

In the present situation, competition in business has reached to cut-throat level. The skilful salesmanship can help to increase the sales of business organization. Effective communication is must for efficient salesman. Attractive advertisements are used to improve the sales line of the organization.

## **IV) HARMONY**

Every manager in the modern business tries to maintain harmonious relations with his staff. It is very essential to minimize the chances of strikes, lockouts etc., which may affect the interest of both.

## **V) MOTIVATION**

The continuous dialogue would definitely improve the labour management relations. Training, meeting and discussion always boost the morale of the workers. Due to effective dialogue, manager comes to know the hidden ability of his subordinates, which can be used fully for the development of the Organization.

## **VI) IMAGE BUILDING**

Each business organization has its own personality. Image of the Organization, to the greater extent, is dependent on the desire of the organization. regarding public relations aspect.

## **VII) POLICY FORMULATION AND IMPLEMENTATION**

Indians are good planners but bad executers. Proper and meaningful communication can bridge the gap between planning and implementation.

## **1.2 OBJECIVES OF COMMUNICATION**

A fundamental axiom of communication is "One can't not communicate". It is required for imparting ideas to others. In it, information and knowledge are transmitted. It is done with certain objectives.

- ❖ Information
- ❖ Advice



- ❖ Suggestion
- ❖ Persuasion
- ❖ Education
- ❖ Motivation
- ❖ Warning
- ❖ Raising morale

## **I) INFORMATION**

Information always affects business decisions. In the business organization information is required from every possible source. Managers need complete, accurate and precise information to plan and organize; employees need it to translate planning into reality.

Types of information - External and Internal

### **A. EXTERNAL INFORMATION**

- ❖ Information about its products
- ❖ Information about the availability of credit.
- ❖ Information about the availability of raw materials.
- ❖ Information about the government rules and regulations
- ❖ Information about the advertising media.
- ❖ Information about the latest developments in the field of science and technology.

### **B. INTERNAL INFORMATION**

- ❖ Information on job assignments and procedures governing them.
- ❖ Information on status and decision - making powers.
- ❖ General information on the policies and activities of the Organization.

## **II) ADVICE**

Advice is necessary to perform the specific job in desired manner. Manager devotes his major share of time for advising the various authorities.

Advice flows horizontally or downwards.

### **EFFECTIVE ADVICE**

- ❖ Is both man-oriented & work - oriented
- ❖ Doesn't make the worker feel inferior
- ❖ Is given in the worker's interest
- ❖ Promotes understanding
- ❖ Can become a two-way channel of communication

### **III) SUGGESTION**

Effective communication promotes good suggestions. Suggestions go a long way in improving the quality of work of subordinates. Improved products are the result of effective suggestions by the work manger or plant supervisor.

- A) Suggestions are welcome for it is not obligatory to accept them.
- B) Suggestions can be voluntary and anonymous; submitted through suggestion boxes.
- C) Employees should be encouraged to give suggestions

### **IV) PERSUASION**

Persuasion means to convince others. In daily life, everybody is engaged in persuasion. The teacher is engaged in persuading his students to study. The manager is persuading his subordinates to work more and more.

#### **You can persuade others if**

- a. You are yourself convinced
- b. You do not impose
- c. You are not rigid, are prepared to meet half - way
- d. You can look at the situation from the other person's angle also.

### **STEPS IN PERSUASION**

- Step 1 : Analyzing the situation
- Step 2 : Preparing the receiver
- Step 3 : Delivering the message
- Step 4 : Prompting action

### **V) EDUCATION**

Education means imparting the instructions to others. Workers training is a part of education. It enables them to increase the knowledge and skills to perform specific job. It is carried on at 3 levels:

- (a) Education for the management
- (b) Education for the employees
- (c) Education for the outside public

### **VI) MOTIVATION**

Communication is a very effective tool of motivation. To encourage the people who are responsible for undertaking organization. at activities, motivation is one of the most important functions of the manager. Communication and motivation always go hand in hand.

### **Motivation can be achieved through**

- ❖ Monetary incentives
- ❖ Making the workers participate in the decision - making process.
- ❖ Making achievement goals very specific
- ❖ Giving security and a congenial work environment

### **VII) WARNING**

Carelessness, Chitchatting, Wastage of time and valuable material are dangerous for the organization. It should be curtailed at any cost. In order to maintain the discipline in the organization. memos, notice etc., are issued. Negligence of duties should be avoided by use of timely warning.

- ❖ Warnings can be general or specific.
- ❖ Specific warning should be administered in private and after thorough investigation.
- ❖ The aim of warning should be the organization's betterment.

### **VIII) RAISING MORALE**

The people with high morale are the assets for the Organization. It is the duty of every manager to boost the morale of the people working under him. A salesman having high level of morale may increase the sale of an organization. Effective communication system helps to raise the morale of the people working in the Organization. Communication Increases confidence and courage of the personnel.

### **1.3 TYPES OF COMMUNICATION**

In general methods / Types of communication are in two forms in terms of Oral and Written. They are detailed as follows,

#### **ORAL COMMUNICATION**

Under this, the sender and receiver are in direct contact, it is also known as verbal communication and it includes Face - to -Face contact, Interview, Public speech, Joint consultations, Broad casts etc.

#### **Its merits are:**

- ❖ It involves personal contact hence creates better understanding
- ❖ It is economical
- ❖ Yields better reception and ensures greater flexibility

Though it has various advantages, it is limited by certain factors as below :

#### **Its demerits to include:**

- ❖ It often results in physical distance
- ❖ Lengthy communication may not be possible

- ❖ Absence of record or proof
- ❖ Sometimes it is subject to sender / receiver perception which would result in misunderstanding

### **WRITTEN COMMUNICATION**

Written communication is a kind that meets people through orders, instructions in writing reports, returns, and bulletins and so on. In the business context all type of correspondence in writing is generally known as written communication. It provides evidence / proof for all the matters conveyed.

#### **Its merits are:**

- ❖ Avoids distance barrier
- ❖ Lengthy communication is ensured
- ❖ Record for future reference
- ❖ Effective delegation
- ❖ Retention of Data and
- ❖ Evidence / Proof

Besides its major advantages, it has certain demerits too,

- ❖ Alterations can not be made
- ❖ Little secrecy
- ❖ No flexibility
- ❖ Time consuming process
- ❖ No scope for personal touch

According to the business practice, Communication can be classified into two major categories such as

- ❖ External communication
- ❖ Internal communication.

#### **1. EXTERNAL COMMUNICATION**

Externally, an organization has to communicate with other business houses, banks, government offices, the press, customers and general public. This type of communication is known as external communication.

#### **2. INTERNAL COMMUNICATION**

Internal Communication consists in transmitting information within the Organization. Internal communication is again of two types; Formal / Official and Informal. Formal communication flows along prescribed channels which all members desirous of communicating with one another are obliged to follow. Informal communication, also called the grapevine, does not arise out of the

Organizational needs, but that is, nevertheless, an integral part of its communication system.

The various forms of Internal Communications are:

Downward Communication

Upward Communication

Horizontal Communication

Grapevine

Consensus

## **DOWNWARD COMMUNICATION**

Downward communication flows from a superior to a subordinate. The Managing Director communicating with the departmental heads, a manager giving a directive to an assistant manager or a supervisor, are all engaged in the process of downward communication.

### **Objectives**

Its objectives are;

1. To give directives about some job
2. To explain policies and procedures
3. To convey assessment of performance
4. To explain the rationale of the job.

### **Limitations**

The limitations are;

1. Under - communication or over - communication
2. In case of a long line of communication, there may be
  - a. Delay
  - b. Loss of information
  - c. Distortion
  - d. Resentment by subordinate staff.

To make it effective,

1. Managers should be adequately informed.
2. Managers should be clear about how much to communicate.
3. Some authority should be delegated to lower levels to shorten the link of communication.
4. Information should be passed on to the correct person.

## **UPWARD COMMUNICATION**

Upward communication moves from the subordinate staff to the superiors. If the managers have to transmit information down the line of authority, they have also to receive information continuously emanating from levels below them which brings in the upward communication.

### **Importance**

- ❖ Provides feedback to the superiors.
- ❖ Releases the pent-up emotions of the subordinate staff.
- ❖ Provides the superiors with useful suggestions.
- ❖ Makes the introduction of new schemes easier.
- ❖ Promotes harmony.

Its channels are

- ❖ Superiors keep an open door.
- ❖ Complaints and suggestion boxes.
- ❖ Social gatherings
- ❖ Direct correspondence
- ❖ Reports
- ❖ Counseling

Its Limitations are

- ❖ Employees are reluctant to express themselves.
- ❖ Employees fear that their criticism may be interpreted as a sign of the personal weakness.
- ❖ Great possibility of distortion.
- ❖ Bypassed superiors feel insulted.

To make it effective

- ❖ Superiors should take initiative to get close to the subordinates staff.
- ❖ Keeping the line of communication short.
- ❖ Prompt Redressal of legitimate grievances.

## **HORIZONTAL COMMUNICATION**

Communication between departments or people on the same level, in the managerial hierarchy of an organization may be termed as horizontal or lateral communication. It is the most frequently used channel of communication. It is important for promoting understanding and co-ordination among various people or departments.

- It is carried on through
- ❖ Face-to-face discussion
- ❖ Telephonic talk
- ❖ Periodical meetings
- ❖ Memos

### **GRAPEVINE**

Grapevine is an informal channel of communication. It is primarily a channel of horizontal communication; it can flow even vertically and diagonally.

The various types of grapevine are

- ❖ Single strand; flows like a chain
- ❖ Gossip; one person tells everybody else
- ❖ Probability (random); information may move from anybody to any body.
- ❖ Cluster; moves through selected groups.

### **Importance**

- ❖ Emotional relief
- ❖ Harmony and cohesiveness in the organization
- ❖ Supplement to other channels.
- ❖ A fast channel
- ❖ Provides feedback

### **Demerits**

- ❖ Distortion of information
- ❖ May transmit incomplete information
- ❖ Travels with destructive swiftness

To use effectively - the manager should

- ❖ Keep an eye on rumors - managers
- ❖ Use it primarily for feedback
- ❖ Contradict rumors promptly
- ❖ Involve the workers in the decision making process.

### **CONSENSUS**

Consensus is the process of arriving at agreement through consultation. Consensus is not unanimity, but dissent is not expressed in the larger interest.

### **Advantages**

- ❖ Consensus decisions easy to accept
- ❖ Promotes harmony checks conflicts and splits.

### **Disadvantages**

- ❖ Dissent is often stifled in the name of consensus.
- ❖ May degenerate into a process of mutual accommodation.
- ❖ May project a false image of the management.

## **1.4 THE 7 'C' PRINCIPLES OF COMMUNICATION**

The powerful seven C's of communication govern the composition of all our messages whether we speak or write. We cannot escape their influence. If we ignore them, we are trapped by the inability to encode and process our message composition. Messages may turn out to be either harsh or incomplete or incorrect. They are explained here with few examples to illustrate how they function in language. A later section will contain more details about the use of the 'C's particularly in business letters.

### **COURTESY**

As the word suggests, it expects the speaker / writer to be aware of the listener's / reader's feelings. In business communication, we not only pass on information but we also share and try to create a harmonious understanding for business to grow and develop and retain goodwill. Courtesy is not merely expressing without thinking the much used phrases 'thank you' and 'please', but it is a sincere and genuine expression that stems out of respect and care for others.

The following tips may be kept in mind if you wish to achieve courtesy in communication:

- ❖ Be sincere
- ❖ Avoid anger or extreme rapture
- ❖ Refrain from preaching
- ❖ Use positive words
- ❖ Avoid negative words
- ❖ Avoid all discriminating words

Example of incorrect way of speaking, followed by the correct style are cited here to show the most effective form of communication:

1. "Please sign here", said the counter-girl quite surely (impolite)  
Sir/Ma'am, would you please sign here?"



2. Why do you ask me to ring you up when you are not free to receive my calls?"(Anger/rudeness)  
"I don't mind ringing you up. Will you tell me when I can do so?"
3. You failed to confirm the appointment with us (negative)  
If you had confirmed your appointment with us, we certainly would have reserved the place for you.

### **CLARITY**

When you choose simple, precise, familiar, right words and short sentences to express your ideas, you succeed in expressing your thoughts well. Clear expression is a fine balance between familiar words and words that are precise. Precision does not mean using jargon. Business requires the use of the right or the expected word and not general words that might cause ambiguity. For clarity, the writer or the speaker must know what kind of words the receiver will accept. So audience analysis or foreknowledge about the audience helps the communicator to use technical words for precise communication.

### **EXAMPLE**

"I am sorry I cannot grant you the request unless you submit the statement for payment" (Which payment? The final one or the temporary one?)

Ans. "I am willing to consider your request provided you submit the invoice first."

Will you please ensure that all the necessary machines are kept free to be used for operations?" the young supervisor said to the workers. (Can you edit this sentence by using the business term for the situation?)

Ans. "Please see that the production line is kept clear."

### **CONCISENESS**

This is a prerequisite to effective business communication. Time is money in business. A long winding message is a time robber and business people reject such messages in no time. Conciseness is achieved by eliminating all redundant words. Only relevant word and phrases are permitted in conciseness.

### **EXAMPLE**

\*\*\*\* to take this opportunity to tell you that we are grateful to you for all the help that you extended when we were in Hong Kong". (Why ornament your thought? Say it clearly and simply. Brevity is the soul of wit!)

Thank you for your hospitality in Hong Kong / for being so kind when we were in Hong Kong".

"When we were in Hong Kong".

"When will you submit the report"

"Within the course of next week". (Are you being clear? Definite?)

"I'll definitely try to submit by Wednesday")

### **CONCRETENESS**

Clarity and conciseness come with the use of concrete words. Use of figures, facts, names, examples, and vivid nouns add a special touch to expressions. The message is remembered easily. In business communication, we need to be precise and factual. Concreteness means opposite of being abstract or vague.

### **EXAMPLE**

- ❖ "I will send the goods to the upper floor by noon". (But how?) "The goods will be sent by the conveyor belt to the upper floor".
- ❖ "The new manager seems pretty good in his work. Has an impressive track record". (Exactly how impressive?) "Mr.Raman, the new manager, has been associated with the World Bank and Government of India for the rehabilitation of the earthquake affected victims".

### **CORRECTNESS**

Correctness use of grammar, message composition and appropriate words and adapting the right level of communication to suit the receiver's level determine the correctness of communication. Adapting the right tone for conveying a message is basic to the success of communication. Shop floor instructions, for instance, are different from client servicing communication.

- ❖ "Since the last two days, I've been waiting for your call". (Very common mistake that most people commit.)
- ❖ "You poor fellow, you waited for two days for my call?" (Since is used for a point in time; 'for' is used for a period of time)
- ❖ "I want to use you", said the manager to the secretary.  
"What do you mean?" said the secretary. "Mind your words".
- ❖ The person immediately corrected himself and said
- ❖ "No, no, what I mean is that I want to use your services".

### **CONSIDERATION**

This implies that the sender of the message gives due importance to the receiver and composes the message keeping in mind various factors like price,

delivery date, specification, and other benefits from the receiver's side. This kind of a thoughtful approach to communication is also termed as 'you-attitude'.

- ❖ "We will not deliver the goods until you have submitted all the documents to us". (How rude!)
- ❖ "As soon as you submit the required documents to us, we will promptly deliver the goods to you".
- ❖ "We are delighted to inform that we have extended shopping time by two hours". (Why use 'we' so many times? Is it more important than 'you'?)
- ❖ "So that you will be able to shop freely, we have extended the shopping time by two hours".

### **COMPLETENESS**

A business communication message is not complete unless it adheres to all the seven C's. Competences does not only mean providing all necessary information, including something extra but also how the matter has been put across to the receiver of the message. The substance and the style of the message must go hand in hand.

"I sent you the letter hoping that I would receive a reply by the end of this week. I still have not ". (which letter? What was it about? When was it dated?)

"I sent you a letter dated 2 June, about additional information of the shirt samples that you had sent for approval. I have still not received any reply from you. We are finalizing our order plan. If you send us the information, we will be able to consider your request for placing an order with you".

The power of the seven deadly C's cannot be underestimated as they collectively form the base of any effective communication. It is a power packed approach that lends credence to business communication. A communicator may speak or write fluently but she or he also has to be tactful, thoughtful, courteous, correct and complete in the communication that takes place.

### **1.5 LAYOUT OF A BUSINESS LETTER**

Business letter can be divided into various parts. Custom, usage and convenience have evolved a definite pattern of a business letter. The pattern of business letter is called layout of business letter. Every part of business letter has fixed place and priority.

### **CHARACTERISTICS OF A GOOD BUSINESS LETTER**

- ❖ Faultless Composition Is Invaluable In Commercial Correspondence
- ❖ A Good Letter Must Convey Its Idea Directly And Clearly
- ❖ The Reader Must Be Able To Comprehend It On The First Reading
- ❖ A Letter Must Be As Simple And Brief As Possible

- ❖ It Must Be Accurate
- ❖ It Must Be Courteous
- ❖ It Must Be Reader Oriented
- ❖ It Must Be Free From Vague And Indefinite Statements
- ❖ It Must Aim At Earning Goodwill Of The Reader
- ❖ ❖ It Must Be Convincing
- ❖ Its Tone Should Be Friendly And Natural

### **THE ESSENTIAL PARTS OF BUSINESS LETTER ARE:**

#### **1. THE HEAD-ADDRESS**

The head-address is very important in business letter. Usually its place is at the top centre. The address includes complete name and address of the organization, short description of the business, telephone number, telegraphic address etc., and unnecessary information should be avoided. Some business organizations use printed letter heads. The letter gives detailed information and is useful for advertisement also. It can be printed to one color or in many orders to make it attractive.

#### **2. DATE**

Date is written five spaces below the heading in the right hand corner. According to British method date is written as 20.03.1999, where 20 stand for the number of the day, 3 for number of month and 1999 for the year. According to American method it is written as 3.20.1999, where 3 stand for month, 20 for number of the day and 1999 for the year. In India we use British method of writing the date.

#### **3. OUTWARD NUMBER**

Outward number is usually written to the left hand side of the letter in the same line as the date. The commercial office has to send number of letters everyday. The outward number is essential to make the entry in the outward register. If the letter is written in respect of sales, the outward number may be given as sales / 593 / 1999. This number can be used in further correspondence for the ready reference.

#### **4. INSIDE ADDRESS**

Inside address consists of the name and address of the person or the name and address of the person or the organization to whom the letter is being sent. It has to be written in detail. The same address is written on the envelope. Normally inside address is written below the outward number.

## **EXAMPLES**

1. TheManager,  
ThePravaraElectricalCorporation,  
Ahmednagar
2. Shri.SunilMoreshwarMan,  
95,SaraswatiApartments, RingRoad,  
Solapur - 413 002.

## **5. SUBJECT**

After writing inside address and salutation, it is necessary to write the subject of the letter. The subject enables the reader to know the objective of the letter and accordingly actions are taken. The subject should in nutshell indicate what is contained in the message. The caption line is also useful for the sorting clerk for sending the letter to specific departments, where various departments are in existence.

## **EXAMPLES**

1. Subject : Transfer of shares - reg.
2. Subject : Request for overdraft facility - reg.

## **6. REFERENCE**

After subject, it is normal practice to write the reference. It contains the outward number and date of the letter of the organization to whom present letter is to be sent. Sometimes business office writes outward number and date of letter written by itself previously.

## **EXAMPLES**

1. Your letter No. Sales / 12/ 1999 dated 10.03.1999
2. Our letter No. Purchase / 19 / 1999 dated 14.03.1999

## **7. SALUTATION**

The salutation depends on the nature of relationship between sender and receiver. It is a greeting to the receiver of the letter. It creates positive impact on the mind of the reader. Dear Sir, Dear Madam, Respected Sir, Sir, are the commonest forms of salutation.

## **8. BODY OF THE LETTER**

It is the heart of a business letter. Body of the letter consists of the main message. It is most important part. It is normally divided into three parts.

1. Opening paragraph
2. Main communication / Message
3. Closing paragraph

The opening paragraph is short. It attracts the attention of the reader. Main communication can be divided into two or more paragraphs. The closing paragraphs is also short and it is written as a formality.

### **9. THE COMPLIMENTARY CLOSE**

The close should be very effective. The complimentary close is to say good bye. It has to agree in tone with the salutation. The complimentary close must show the respect regarding the reader. The politeness involved in the writing always helps to improve the business relation with the reader.

### **EXAMPLES**

Your sincerely, Truly yours, Yours faithfully, Yours etc.

### **10. SIGNATURE**

It is usually written below the complimentary close. The name of the signatory is typed below the space where the signature is put. The business letter without the signature has no value and meaning legally, the signature has great importance. The signatory is held responsible for the letter. The signature is a proof of his consent to the message communicated.

### **11. ENCLOSURES**

Many times essential documents are enclosed with the business letter. These documents are listed serially. This list enables the reader to confirm the documents. It is marked as 'enc'. Or 'encl'. Any documents, receipts, bills, cheques that are sent alongwith the business letter are mentioned against the enclosures. It is written to the left side of the business letter after complimentary close.

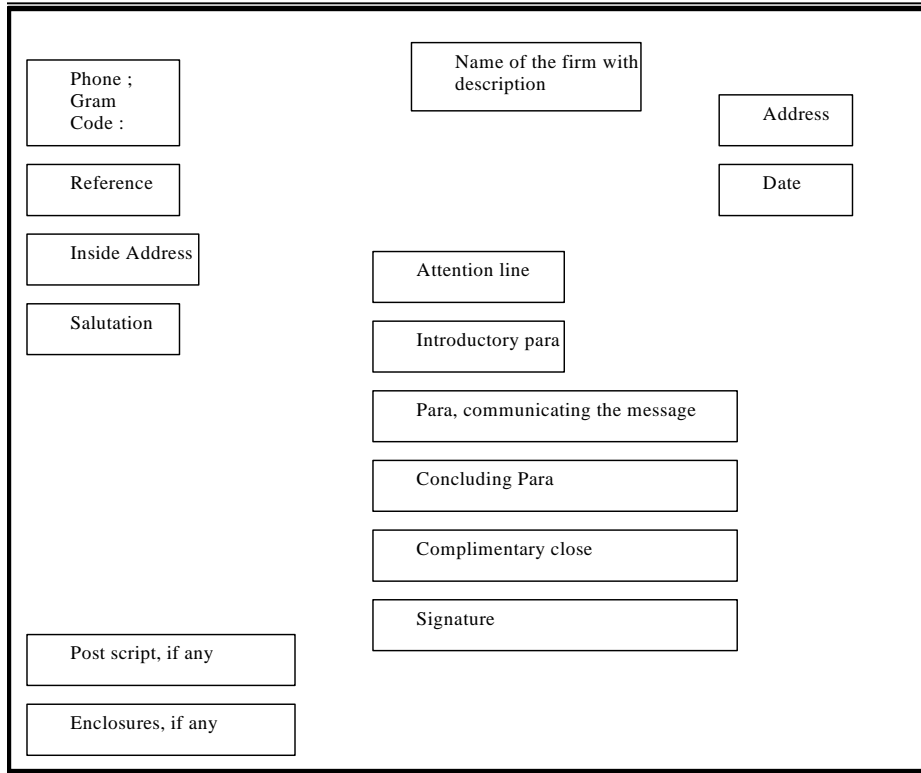
### **EXAMPLE**

Enclosures :    1. Cheque No.22 of 10.04.1999  
                  2. Invoice  
                  3. Bill

### **12. POST SCRIPT**

A post script comes from the Latin Word Post Scriptum which means whatever has been written afterwards. Sometimes, business letter is ready for sending but it becomes necessary to add some information. Such information is written in the Post Script. It should be noted that using Post Script frequently is not the good manners, because it shows the carelessness of the writer. Therefore, it is advised to draft, a fresh letter in case of major information to be communicated. The Post Script should be supported by the initials of the writer.

The same is illustrated in the below diagram.



**Figure 1.2 : Essential Components of a Business Letter**

### **KINDS OF BUSINESS LETTERS**

- ❖ Letter of enquiry and reply
- ❖ Offers and Quotations
- ❖ Orders - execution, Cancellation, Claims, Complaints and settlement of A/c.
- ❖ Circular
- ❖ Agency correspondence
- ❖ Bank correspondence
- ❖ Insurance correspondence and so on

### **SUMMARY AND KEY WORDS**

#### **COMMUNICATION**

Communication is a word of Latin origin: It means Sharing - Sharing of information or intelligence. The most common medium of communication is language. "Communication is the art of transmitting information, ideas and

attitude from one person to another. For a communicator it requires either an internal or an external stimulus to pass the information and ideas to someone and the response results from the receiver".

Communication needs the four major elements to pass or share the information. They are: Sender, Language, Channel and Receiver. During the process of communication one should be cautious of the barriers which make the communication process ineffective.

Communication barriers may arise due to the following reasons

1. Loss of information
2. Lack of attention
3. Inability to transform the message legibly etc...

Communication is broadly classified into two major categories according to the way it is communicated,

**1. ORAL COMMUNICATION :**

Sharing the information between two or more when they are in direct contact.

**2. WRITTEN COMMUNICATION :**

Passes information through letters, Fax , E-mails and other forms of indirect contacts.

Communication in the context of business, is classified as,

❖ Internal Communication

Sharing and Passing the information within the organization

The various forms of Internal Communications are:

- ❖ Downward Communication
- ❖ Upward Communication
- ❖ Horizontal Communication
- ❖ Grapevine
- ❖ Consensus
- ❖ External Communication

Communication with external agencies such as; Other companies, Agencies, Government authorities, Customers and Suppliers etc.



## THE 7 'C' PRINCIPLES OF COMMUNICATION

- ❖ **Courtesy:** it is a sincere and genuine expression that stems out of respect and care for others.
- ❖ **Clarity:** Clear expression is a fine balance between familiar words and words that are precise
- ❖ **Conciseness:** is achieved by eliminating all redundant words. Only relevant word and phrases are permitted in conciseness.
- ❖ **Concreteness:** Clarity and conciseness come with the use of concrete words
- ❖ **Correctness :** Deals with use of grammar and appropriate words
- ❖ **Completeness :** Competences does not only mean providing all necessary information, including something extra but also how the matter has been put across to the receiver of the message
- ❖ **Consideration:** This implies that the sender of the message gives due importance to the receiver and composes the message.

## LAYOUT OF A BUSINESS LETTER

A typical business letter must encompass the following,

- ❖ Heading
- ❖ Date
- ❖ Inside Address
- ❖ Attention line
- ❖ Salutation
- ❖ Subject and Reference
- ❖ Body / Substance of the letter
- ❖ Complimentary close
- ❖ Signature
- ❖ Enclosure

## SELF - ASSESSMENT QUESTIONS AND ANSWERS

### 1. WHAT IS COMMUNICATION?

Communication is a word of Latin origin: It means Sharing - Sharing of information or intelligence. The most common medium of communication is language. "Communication is the art of transmitting information, ideas and attitude from one person to another. For a communicator it requires either an internal or an external stimulus to pass the information and ideas to someone and the response results from the receiver".

## **2. EXPLAIN THE OBJECTIVES OF COMMUNICATION**

A fundamental axiom of communication is "One can't not communicate". It is required for imparting ideas to others. In it, information and knowledge are transmitted. It is done with certain objectives.

### **Information**

To pass the information from one person to another or many.

### **Advice**

To enable the managers to provide advice in getting the things done.

### **Suggestion**

To provide suggestion on something that could correct the problems

### **Persuasion**

To get others convinced and sometimes to get yourself convinced.

### **Education**

To provide education for the workers by imparting training

### **Motivation**

To motivate the workers communication is very important

### **Warning**

Not at all times but then the managers need to use warning as a tool for achieving the desired results. For this purpose communication is inevitable.

### **Raising morale**

To raise morale among the workers towards accomplishing the organizational goals

## **3. LIST OUT THE IMPORTANCE OF COMMUNICATION**

Business communication can play an important role in ensuring efficiency and success of any organization. It functions through planning, organizing, staffing, directing and controlling. In fact, these are the main and basic functions of business management. Without Communication, Management can not perform its functions.

Modern business is very complex. Since the start of Liberalization, Privatization and Globalization, whole nature of business is changing rapidly.

The following aspects make communication to be more important.

Size of Business

Specialization

Tremendous Competition

Harmony

Motivation

Image Building

Policy formulation and Implementation.

#### **4. ELABORATE THE TYPES OF COMMUNICATION**

In general methods / Types of communication are in two forms in terms of Oral and Written. They are detailed as follows,

##### **ORAL COMMUNICATION**

Under this, the sender and receiver are in direct contact, it is also known as verbal communication and it includes Face - to -Face contact, Interview, Public speech, Joint consultations, Broad casts etc.

##### **Its merits are:**

- ❖ It involves personal contact hence creates better understanding
- ❖ It is economic
- ❖ Yields better reception and ensures greater flexibility

Though it has various advantages, it is limited by certain remedial measures too,

##### **Its demerits to include:**

- ❖ It often results in physical distance
- ❖ Lengthy communication may not be possible
- ❖ Absence of record or proof
- ❖ Sometimes it is subject to sender / receiver perception which would result in misunderstanding

##### **WRITTEN COMMUNICATION**

Written communication is a kind that meets people through orders, instructions in writing reports, returns, and bulletins and so on. In the business context all type of correspondence in writing is generally known as written communication. It provides evidence / proof for all the matters conveyed.

##### **Its merits are:**

- ❖ Avoids distance barrier
- ❖ Lengthy communication is ensured
- ❖ Record for future reference
- ❖ Effective delegation
- ❖ Retention of Data and
- ❖ Evidence / Proof

Besides its major advantages, it has certain demerits too,

- ❖ Alterations can not be made
- ❖ Little secrecy
- ❖ No flexibility
- ❖ Time consuming process
- ❖ No scope for personal touch

According to the business practice, Communication can be classified into two major categories such as

- ❖ External communication
- ❖ Internal communication.

### **1. EXTERNAL COMMUNICATION**

Externally, an organization has to communicate with other business houses, banks, government offices, the press, customers and general public. This type of communication is known as external communication.

### **2. INTERNAL COMMUNICATION**

Internal Communication consists in transmitting information within the Organization. Internal communication is again of two types; Formal / Official and Informal. Formal communication flows along prescribed channels which all members desirous of communicating with one another are obliged to follow. Informal communication, also called the grapevine, does not arise out of the Organizational needs, but that is, nevertheless, an integral part of its communication system.

The various forms of Internal Communications are:

Downward Communication

Upward Communication

Horizontal Communication

Grapevine

Consensus

### **DOWNWARD COMMUNICATION**

Downward communication flows from a superior to a subordinate. The Managing Director communicating with the departmental heads, a manager giving a directive to an assistant manager or a supervisor, are all engaged in the process of downward communication.

Objectives

Its objectives are;

- To give directives about some job
- To explain policies and procedures

- To convey assessment of performance
- To explain the rationale of the job.

## **UPWARD COMMUNICATION**

Upward communication moves from the subordinate staff to the superiors. If the managers have to transmit information down the line of authority, they have also to receive information continuously emanating from levels below them which brings in the upward communication.

### **Importance**

- ❖ Provides feedback to the superiors.
- ❖ Releases the pent-up emotions of the subordinate staff.
- ❖ Provides the superiors with useful suggestions.
- ❖ Makes the introduction of new schemes easier.
- ❖ Promotes harmony.

### **To make it effective**

- ❖ Superiors should take initiative to get close to the subordinates staff.
- ❖ Keeping the line of communication short.
- ❖ Prompt Redressal of legitimate grievances.

## **HORIZONTAL COMMUNICATION**

Communication between departments or people on the same level, in the managerial hierarchy of an organization may be termed as horizontal or lateral communication. It is the most frequently used channel of communication. It is important for promoting understanding and co-ordination among various people or departments.

- ❖ It is carried on through
  - Face-to-face discussion
  - Telephonic talk
  - Periodical meetings
  - Memos

## **GRAPEVINE**

Grapevine is an informal channel of communication. It is primarily a channel of horizontal communication; it can flow even vertically and diagonally.

### **Types**

The various types of grapevine are

- ❖ **Single strand;** flows like a chain

- ❖ **Gossip**; one person tells everybody else
- ❖ **Probability (random)**; information may move from anybody to anybody.
- ❖ **Cluster**; moves through selected groups.

### **EXPLAIN THE 7 'C' PRINCIPLES OF COMMUNICATION**

Please refer to the "7'C' principles of Communication"

### **EXPLAIN THE CHARACTERISTICS OF A GOOD BUSINESS LETTER**

Business letter can be divided into various parts. Custom, usage and convenience have evolved a definite pattern of a business letter. The pattern of business letter is called layout of business letter. Every part of business letter has fixed place and priority.

### **CHARACTERISTICS OF A GOOD BUSINESS LETTER**

- ❖ Faultless Composition Is Invaluable In Commercial Correspondence
- ❖ A Good Letter Must Convey Its Idea Directly And Clearly
- ❖ The Reader Must Be Able To Comprehend It On The First Reading
- ❖ A Letter Must Be As Simple And Brief As Possible
- ❖ It Must Be Accurate
- ❖ It Must Be Courteous
- ❖ It Must Be Reader Oriented
- ❖ It Must Be Free From Vague And Indefinite Statements
- ❖ It Must Aim At Earning Goodwill Of The Reader
- ❖ It Must Be Convincing
- ❖ Its Tone Should Be Friendly And Natural

### **3. LIST OUT THE KINDS OF BUSINESS LETTERS.**

Letters that are written at the aim of corresponding with others for the business purpose are of business letters.

### **SOME KINDS OF BUSINESS LETTERS ARE:**

- ❖ Letter of enquiry and reply
- ❖ Offers and Quotations
- ❖ Orders - execution, Cancellation, Claims, Complaints and settlement of A/c.
- ❖ Circular
- ❖ Agency correspondence
- ❖ Bank correspondence

- ❖ Insurance correspondence etc.

### **EXERCISES**

- ❖ Prepare a Business letter making Enquiries on a Wrist watch of Titan Industries Ltd, Hosur, Tamil nadu.
- ❖ Collect information on Modern Communication System and List down the uses of

### **Some useful Notes:**

**Uses of Internet:** E-mails, Websites of all kinds, Job search Engine, Intranet facilities for information sharing within the organization, Video Conferencing for conducting meetings, Knowledge sharing and so on.

**Fax:** Sending letters to any place within the minutes as photo stat copy of the original format through Tele services.

**Satellites:** Uses of satellites as a internet service provider, Information transformer and so on.

### **RECOMMENDATIONS FOR FURTHER READING**

#### **TEXT BOOK**

Rajendrapal and Koralahalli J.S, Essentials of Business Correspondence, Sultan Chand & Sons.

#### **REFERENCE BOOKS**

1. Ramesh M.S. & Pattan Sheety, Effective Business English & Correspondence, RC Publications
2. Balasubrahmaniyan, Business Communication, Vikas Publishing House PVT. Ltd.
3. U.S.Rai, S.M.Rai, Business Communication HPH.
4. Shiley Taylor, Communication for Business, LONGMAN.
5. RSN Pillai, Bagavathi, Commercial Correspondence & office management,S.Chand
6. N.S.Rasunathan and B.Santhanan, Business Communication, Margham publications
7. Chaturvedi, Busniess Communication Concepts, Cases and Applications, Pearson Education.

## NOTES

A series of horizontal dotted lines for taking notes.



## UNIT - II

### Structure

Introduction

Learning Objectives

2.1 Business Enquiries and Replies

2.2 Offer

2.3 Quotations

2.4 Orders

2.5 Complaints and Adjustments

2.6 Collection letters

2.7 Circular letters

2.8 Status Enquiries

Summary and key words

Self Assessment Questions and Answers

Exercises

Recommendations for Further Reading

## **UNIT - II**

### **INTRODUCTION**

In the business context both buyer and seller are linked by certain business correspondences in the forms of letters. It is uncertain that the advertisements can always provide all the information about a product or service of an organization, hence a series of correspondences takes place between buyer and seller during trade.

This unit brings out the essentials of Business Enquiries and Replies, types of business letters, steps involved in Business enquiries and Replies and also it attempts to provide hints on how to write business letters with suitable specimen letters.

### **LEARNING OBJECTIVES**

After studying this unit the reader will be able to:

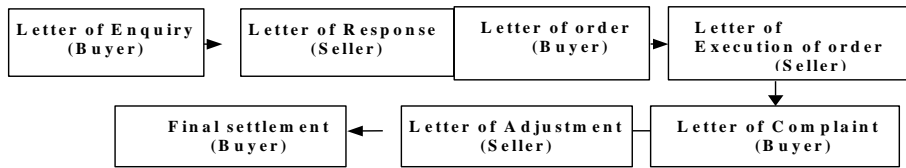
- Understand the Nature and importance of Business letters
- Know the types of business correspondence between the customer and organization
- Comprehend the series of events that take place in Business enquiries and replies
- Know how to write various types of business correspondence letters.

### **INTRODUCTION TO BUSINESS LETTERS**

Most letters which are written for commercial purposes are trade or business letters. Every trade letter is written with a certain aim. They include letters of enquiries and replies, letters of order, confirming order, letters of dispatch, letters of settlement etc.

When the buyer needs more information on a product or service of an organization, the correspondence thread starts from buyer, this will naturally be replied. When the response is satisfactory, he sends an order, which in turn the seller will execute, the order and accounts are settled, unless there is some cause for complaint, if there is any complaint, they are adjusted. Finally payments are made and the whole correspondence comes to an end.

A series of correspondences between buyer and seller can be illustrated as below



## 2.1 BUSINESS ENQUIRIES AND REPLIES

When a buyer wishes to get some information about the quantity, price, availability, etc., of goods to be purchased, or about the terms of sale, etc., he writes a letter of enquiry to the seller. Enquiries may be solicited, unsolicited, for some favour, or a routine enquiry.

- Solicited enquiry: An enquiry made in response to the seller's advertisement and publicity.
- Unsolicited enquiry: An enquiry made at the buyer's own initiative.
- Enquiry for some favour: An enquiry not about goods but about some other information may be about some special price or some favourable terms.
- Routine enquiry: An enquiry made by an old buyer in the usual course of business.

### REPLIES

When the enquiry is made by the business man, the supplier writes and sends the required information. This enables the business man to run the business more effectively.

Enquiries must be replied to promptly. Even when the seller does not stock the goods asked for or even if he cannot agree to the terms mentioned in the letter, a prompt reply, thanking the inquirer, must be sent. Replies usually contain prices, quotations and other terms of sale, such as discount, credit, delivery etc.

**SPECIMEN LETTERS :**

**EXAMPLE 1:** Ask a firm of furniture dealers to send their price list and catalogue.

**MODERN FURNITURES**

43. Ravivar peth, Belgaum

Ref :- .-----

25th June 2006

Messrs. J.K.S & Co.

1st cross, vidyanagar,

Hubli.

Dear Sirs,

Sub:- Request for Catalogue - Reg.

---

Kindly send us your latest illustrated catalogue and price list of 'Home Furniture'.

Yours faithfully,

R. Ramesh.

Proprietor

**EXAMPLE 2 :** Reply to the above Enquiry.

**J.K.S. & COMPANY**

Steel furniture manufacturers

1st cross, vidyanagar, Hubli

June 28, 2006

The proprietor,

Modern furnitures,

Belgaum.

Dear sir,

Sub:- Disclosure of Catalogue - Reg.

Ref :- Your letter dated 25 June 2006

Thank you for your enquiry of June 25. We are glad to enclose the illustrated catalogue and price list of ' Home Furniture' Our furniture is made of high-gauge steel sheets and pipes and is designed to suit the 'Luxury class' customers. Our normal trade discount is 15%, and 5% extra for bulk orders exceeding Rs. 60,000.

The catalogue and price list will describe our products to you to your entire satisfaction. However, if you need further details, you should feel free to write to us.

Yours faithfully,  
For J.K.S.& Co.  
J.K. Shyam  
Partner

Encls : 1. Catalogue  
2. Price list

## **2.2 OFFER**

An offer is general and voluntary. It is like a sales letter sent to all prospective customers including existing customers.

Offers are not only sent through letters but also through Advertisements in newspapers. Offers are sent to customers with a view to stock the product regularly.

Offer letters are useful for the customers in comparing the similar products of others and knowing the advantages of the products. When the advertisement offers include the sub dealer or retailer of the local region, the expenses incurred in the same will be shared by them. Organizations spend a lot of money in advertisement which they feel that it makes the product alive in the market.

## **2.3 QUOTATIONS**

A quotation is a specific offer for sale. It is made in response to an enquiry from a particular person or business house.

A quotation includes details about the prices of the specific goods desired, terms of payment, conditions of delivery, etc.

A good business man should ensure that a quotation letter must yield good response from the customer. Usually the offers and Quotations are sent to retailers in such a way that it carries in the orders.

Specimen letters for both Offers and Quotations are given below for the better understanding.

**EXAMPLE 3: Offer to retailer (quotation)**

**SUNTALSONS & COMPANY**

(Dealers in pump sets)

47722/14,Daryagunj,

New Delhi-110002

10th June 2006

M/s. Jain & co.,

Church road,

Mumbai-400001

Dear sirs,

Sub:- Quotation for Pump Sets - Reg.

We thank you for your courtesy extended to our representative, when he called on you recently and demonstrated the working of our pump set. We take pleasure in confirming our quotations as follows:

Price : Double capacity super size pump 3 HP @ Rs. 6,500/-

Single : Capacity super size. 1.5 HP @ Rs. 2,800/- per set

Tools : @ Rs. 200 per set

Sales Tax:- state or central tax, as applicable will be charged. Guarantee: Both the pump sets are guaranteed for a period of two years. During this period oiling, repairing, replacement, etc., will be done free of any charges. After the guarantee period is over, we charge Rs. 150/- per year for servicing.

Payment : Bill will be paid within two months.

This offer will remain open for three months from the date of this quotation. More details, if any, can be had on calling us.

We are sure that both the pump sets will serve your requirements in every way and we await your valuable order.

Thanking you.

Yours sincerely,

For Suntalsons & Co

**EXAMPLE 4:** An offer to a retailer

**KOLKATA TOOTH PASTE CO.**

Kolkata-700 012

15th sept., 2006

M/s. Jose & Co.,  
Palace road,  
New Delhi-110007.

Dear sirs,

Sub:- Offer for Tooth Paste - Reg.

We take pleasure in sending you today a sample of our newly manufactured item quick-action tooth paste which we have already placed in the market. This product is the result of a long and careful research and we are sure that it will supply a long-felt -need.

From the booklet enclosed, you will find that our tooth paste possesses many special merits. We have received many enquiries from different parts of the country including your district. The public have appreciated the merits of the product and we are confident that this tooth paste will have a quick selling line.

We now ask you to consider carefully this offer of a unique product at a generous discount of 20%.

Thanking you.

Yours sincerely,  
For Kolkata tooth paste Co.,

**2.4 ORDERS**

For a buyer, making enquiries is the first stage. It enables him to get information necessary to place his order. On the part of the seller, his reply to the enquiry is the stage from where he expects and endeavors to obtain orders from prospective buyers.

The quotations are the offer made by the seller and the orders by the buyers are the acceptance of the offer. This acceptance, which is in the form of an order, is the thread which establishes a legal relation between the seller and the buyer.

A good business order letter has the following important features

- **Specification of Goods :** Information of Goods such as Rate, Size ,Color, Kind etc.

- **Mode of Payment** : Details of payment (By Cash / By cheque)
- **Delivery Period** : Time of delivery
- **Mode of Carriage** : Details of sending the consignment ( Parcel by Post, Train, Cargo and so on.)

If a buyer has mentioned all the details, the seller must comply, or else the damages caused will be of the responsibility of the seller. In addition to this, the buyer should also give the details of insurance, packing etc. charged on the Goods.

**EXAMPLE 5**

Messrs. Hiremath Bros. wish to place an order with National paints Co. Ltd. For a few types of paints, varnish and mixers. Prepare an order for them mentioning that the tins should be sent by passenger train, carriage forward, to your station, where you will collect them. Mention also the method of payment.

**HIREMATH BROTHERS**

Stockists in Hardware & Dealers in paints

36/2 Kadolkar Galli, Belgaum

26th March, 2006

The sales manager  
National paints co., Ltd.  
Ahmedabad

Dear sir

Sub:- Placing orders - Reg

Thank you for your quotation and the price list. We are glad to place our first order with you for the following items :

Sl. No.	DESCRIPTION	QUANTITY	UNITPRICE	AMOUNT
		Tins	Rs.	Rs.
1.	NAPCO sky blue 1-1b.each	12	160	1920
2.	NAPCO light green 1-1b each	10	170	1700
3.	NAPMIX-NM/23,2-1B each	25	70	1750
4.	NAPVASH-NV/15,2-1B each	15	50	750

Since the above goods are required to replenish our nearly exhausted stock of these items, we request you to expedite the dispatch by passenger train, carriage forward to Belgaum. We shall arrange for taking delivery of the goods at our end.

Please send the R/R and the invoice, at 7.5% discount, through Belgaum Bank Ltd., Belgaum.

Yours faithfully

.....



## **2.5 COMPLAINTS AND ADJUSTMENTS:**

### **COMPLAINTS**

From the time the order is received till the goods reach the customer, many persons are involved, and there is every possibility of inadvertent mistakes being committed by someone. This may inconvenience the customer and even cause him financial loss. He has, therefore, every reason to complain to seller.

### **SOURCES OF MISTAKES GIVING RISE TO COMPLAINTS**

- Incomplete or defective order,
- Wrong directions to the dispatch section,
- Mistakes by the accounts section in preparing the invoice,
- Despatch section carelessly dispatches (a) goods of wrong quality, size, brand, pattern, color, etc., (b) defective pieces
- The article supplied may have some inherent manufacturing defect not detected at the time of inspection,
- Defective packing that might lead to the damage of goods in transit,
- Abnormal delay in sending the consignment, etc.

Complaints on the part of seller, is considered as in adherence to the specifications. This often happens either due to insufficient information on the order of goods from the buyer or due to non-compliance with the buyers' requirement. Whatever may be the case, the seller has to immediately respond to the complaints in making adjustments or else this could spoil the entire reputation of the organization.

### **MAKING ADJUSTMENTS**

A customer, whether he has real or an imagined cause of complaint, is at least entitled to an explanation. Every complaint received by a trader is an opportunity to make a friend as well as an opportunity to save a customer. If the trader wishes to keep his customer's business, it is important for him to answer complaints as specifically and as promptly as possible. Promptness does not call for a hasty decision without going into the details of the matter.

### **Chief characteristics of a well-drafted complaint letter:**

- A complaint must be genuine
- A complaint letter must be courteous
- A letter of complaint must be complete
- A letter of complaint must make concrete request for redress

By looking at the reasons behind the complaints, the seller might reply to the customer by keeping the below points in mind.

### **Important Points To Be Kept In Mind While Replying To A Complaint**

- Express regret for the inconvenience
- Reply must be sent promptly
- 'Keep the customer and his Goodwill should be the aim of reply
- Even if the customer is wrong, it should be communicated politely
- Inconvenience for the customer should be accounted for and avoid occurrence of such mistakes in future.

#### **EXAMPLE 6: Complaint-Delay in delivery**

##### **PROGRESS BOOK DEPOT**

M.P.Road,  
Mumbai-400012.

21st Sept.,2006

M/S. Rajesh & sons,  
West street,  
Kolkata-700012.

Dear Sirs,

Sub :- Delay in delivery - Reg.

Ref :- order No.42 of 2nd September

---

With reference to our order No.42 of 2nd September, no action has been taken at your end. These books ordered for are urgently required by students. Being a book seller I can not dissatisfy customers, particularly the students. The students are visiting my shop daily and demanding their books. Negative replies to the students will affect my sales.

Therefore it is requested that the books may please be dispatched immediately, through passenger train. In future, such delay may be avoided.

Yours faithfully,

For progress book depot,

.....

### **2.6 COLLECTION LETTERS:**

The collection department is entrusted with the job of maintaining accounts of credit customers, preparing periodical statements of account to be sent to dealers and collecting the dues promptly. The major problem of this department is how to collect the dues but retain the customers. An undue haste in collection is likely to drive away the customers while negligence in collection dues may cost additional expenses and even loss due to bad debts.

**The following guidelines may be suggested for drafting collection letters:**

- The tone should be positive, cheerful and optimistic.
- The contents and style of the collection letter should be determined with an eye on the customer's usual conduct and his circumstances.
- The "you" attitude should be used to convince the debtor that it is to his own advantage to pay.
- An informal and friendly approach helps to "break the ice"; the debtor finds it difficult to resist; and he is impelled to respond favorably to the correspondent's letters. So let not the letters be stiff and lifeless.
- It must be friendly but firm.
- A collection letter should not be too brief.
- Before forcing the debtor to pay, an appeal should be made to his fairness, self-respect, self-interest and the advantage of doing business with the correspondent.
- Do not use post cards
- Always aim at customer's enduring sympathy.
- Finally, it must be remembered that the correspondent is not to lose the customer.

**An unpaid account passes through the following stages of collection correspondence:**

1. Sending a statement of account
2. Reminders
3. Enquiry and discussion
4. Appeal and urgency
5. Demand and warning

One must ensure all the stages of collection in the process of writing to the concerned and the seller should not directly jump into conclusions that the buyer trespasses the agreement and he is liable for the loss incurred.

Business difficulties, in nature, could sometimes prevent the buyer from making payments within the stipulated time. Hence the writing should be in such a way that it reminds the buyers about the delay in payment, urges him to settle the amount at the earliest.

Specimen letters on unpaid account are given below for your reference,

**EXAMPLE 7:** Collection letter

**BABA MEDICAL STORES**

Bazaar street,  
Mumbai-400001,

6th Dec., 2006

The central medical shop

Jabalpur.

Dear sirs,

Sub :- Unpaid accounts - Reg

Ref.:- Your purchase order No.675 dtd 1.10.2006

May we draw your kind attention to the sum of Rs. 250 due from you since last two months, against the bill no.675 of 1st oct., 2006. Perhaps you might have overlooked the account. Please refer to our bill and arrange early payment before the year ending audit by the head office.

Yours sincerely,

For Baba medical stores.

**EXAMPLE 8:** Second collection letter

**BABA MEDICAL STORES**

Bazaar street,  
Mumbai-400001,

21st Dec., 2006

The central medical shop

Jabalpur.

Dear sirs

Sub :- Unpaid accounts (Reminder) - Reg.

In response to our letter of 6th Dec.,2006, we have heard nothing from you. In the letter we asked you to settle the amount due to us, amounting to Rs. 250. We presume that the letter might not have reached you. However, a statement of account is enclosed for ready reference. Please arrange for the remittance, immediately as the departmental audit is going on.

Yours faithfully,

For Baba medical stores

**EXAMPLE 9:** Third collection letter

**BABA MEDICAL STORES**

Bazaar street,  
Mumbai-400001,

10th Jan., 2007

The central medical shop

Jabalpu

Dear sirs,

Sub :- Unpaid accounts (Letter no 3) - Reg

No reply has been received from your end to the previous two remainders of 6th and 21st December 2006, requesting you to remit the amount of Rs. 250 against Bill No.654 of 1st October,2006.

We are unable to give any more time for settlement of this small amount. Though the amount is small we can't afford to write it off, since drops of water make an ocean. Therefore, we insist that you should make the remittance by return of post, failing which we will be compelled to take further steps.

Yours faithfully,  
For Baba medical stores.

**EXAMPLE 10:** Fourth collection letter

**BABA MEDICAL STORES**

Bazaar street,  
Mumbai-400001,

30th Jan., 2007

The central medical shop

Jabalpur.

Dear Sirs,

Sub :- Unpaid accounts (Letter no 4) - Reg

We have heard nothing from you against three remainders sent to you. Now the stage has come to inform you that, if you do not settle the account within 10 days from the date of this letter, we will be forced to take further steps by placing the dealings in the hands of legal agents, without further intimation to you. We fully hope that you will not invite this situation unnecessarily.

Yours faithfully,  
For Baba medical stores

## **2.7 CIRCULAR LETTERS:**

Circular letters are the cycle of business dealings. A circular is a communication means to convey information of a business firm to customers, business, friends etc. In the course of business occasions will arise to send out circular letters. The sender aims at giving certain information to the public. There are also other ways to communicate or advertise in newspapers or journals.

### **OBJECTIVES OF CIRCULAR LETTERS:**

1. To obtain publicity for a merchandise.
2. To impress the readers with the facts about the firm and the products.
3. To make the readers more interested in their contents.
4. To attain the confidence of the readers.
5. To stimulate sales

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

1. Opening of a new shop or a branch or expansion of the firm;
2. Change in address or premises;
3. Introducing a new product
4. Price reduction and clearance sales;
5. Obtaining an agency;
6. Admission of a partner;
7. Retirement or death of a partner;
8. Change in the constitution of the firm.

**EXAMPLE 11:** Circular letter announcing change in premises.

#### **WANSON (INDIA) LIMITED**

Water treatment division

Ferguson college road, pune

Date.22.1.2007

Dear friends

Owing to continued expansion of our activities, we have outgrown our existing office premises at the wanson factory in Chinchwad and have moved to larger offices at the following address in pune:

1216/7 Shivaji Nagar

Ferguson college road

Pune-411004

Tel : 589704, 526998

The move is part of our expansion and diversification policy, and integration programme with our associate company, tulsifine chemical industries pvt. Ltd., (Technical collaborators: Ionic chemical company, a division of sybron corporation, u.s.a)

We are committed to offering our clients the very best in water treatment and ion exchange technology, backed with the best service possible.

Cordially yours

## **2.8 STATUS ENQUIRIES**

At present, credit sales and installments play a vital role among the large scale industries, however it is suitable for small scale industries too while operating the deal with affordable financial level.

Since it involves risk, the business men make enquiries regarding the Financial Standing, Reputation, Credit worthiness and character of the customer. This enquiry is made before the deal is getting kicked off; such enquiry is known as Status Enquiry in the business context.

While writing a status enquiry letter, it must be remembered that the whole matter is confidential and that those who provide the trader with this information are doing a favour to him. Therefore the letters should be polite and appreciative and he should assure the references that all information being furnished by them will be treated as strictly confidential. The enquiry should be both general and particular.

**When writing an enquiry of status, the following points may be remembered:**

1. A reference of the buyer is mentioned in the letter.
2. A clear idea is to be given as to why the letter is written.
3. The question concerning the credit worthiness of the buyer, has to be raised.
4. Assurances are necessary to safeguard the privacy of dealings.
5. When chances arise one must be ready to return the favor.

An example of the status enquiry is given below for your reference

**EXAMPLE 12:** Letter asking for reference

**DESAI BROTHERS**

Mumbai-400 013

10th May, 2006

Mr. Ramlal Seth,  
Bank road,  
Madurai-625 001

Dear sir,

Sub :- Request for reference - Reg

It is a pleasure to receive your order of 3rd May for plastic toys.

We shall gladly open an account for you as soon as you furnish us with two trade references along with your bank reference. This will enable us to complete the formalities necessary to establish your firm's credit. Getting trade and bank references is a general policy. We always request our new customers to send us such information before we open account in their names.

Will you please write to us by return of post? We have recorded your order for execution. We are pleased to have the opportunity of adding your name to our list of credit accounts. Hope this opportunity will be beginning of a long and happy association with you.

Thanking you.

Yours sincerely,

.....

**EXAMPLE 13:** Letter giving reference

**RAMLAL SETH**

(Dealers in toys)

Bank road,

Madurai-625 001.

20th May, 2006.

M/s. Desai brothers,  
Mumbai-400 040.  
Sirs,

Sub:- References for inquiry - Reg.



Thank you for your letter of 10th May. I feel pleasure in giving the names of the following business houses as references:

1. Modern stores

Main road

Madurai-1

2. General stores,

Near bus stand,

Madurai-1

Our bankers are State Bank of India, M.G.road, Madurai. Please complete your formalities as early as possible.

Thanking you.

Yours sincerely,

.....

## **SUMMARY AND KEY WORDS**

### **BUSINESS ENQUIRIES**

When a buyer wishes to get some information about the quantity, price, availability, etc., of goods to be purchased, or about the terms of sale, etc., he writes a letter of enquiry to the seller. Enquiries may be solicited, unsolicited, for some favour, or a routine enquiry.

### **REPLIES**

When the enquiry is made by the business man, the supplier writes and sends the required information. This enables the business man to run the business more effectively.

### **OFFER**

An offer is general and voluntary. it is like a sales letter sent to all prospective customers including existing customers. Offers are not only sent through letters but also through Advertisements in newspapers. Offers are sent to customers with a view to stock the product regularly.

### **QUOTATIONS**

A quotation is a specific offer for sale. It is made in response to an enquiry from a particular person or business house. A quotation includes details about the prices of the specific goods desired, terms of payment, conditions of delivery, etc

### **ORDERS**

For a buyer, making enquiries is the first stage. It enables him to get information necessary to place his order. On the part of the seller, his reply to

the enquiry is the stage from where he expects and endeavors to obtain orders from prospective buyers. The quotations are the offer made by the seller and the orders by the buyers are the acceptance of the offer. This acceptance, which is in the form of an order, is the thread which establishes a legal relation between the seller and the buyer.

### **COMPLAINTS**

From the time the order is received till the goods reach the customer, many persons are involved, and there is every possibility of inadvertent mistakes being committed by someone. This may inconvenience the customer and even cause him financial loss. He has, therefore, every reason to complain to seller.

### **MAKING ADJUSTMENTS**

A customer, whether he has real or an imagined cause of complaint, is at least entitled to an explanation. Every complaint received by a trader is an opportunity to make a friend as well as an opportunity to save a customer. Adjustments are of correcting the complaints and writing to the customer for the inconvenience caused.

### **COLLECTION LETTERS:**

The collection department is entrusted with the job of maintaining accounts of credit customers, preparing periodical statements of account to be sent to dealers and collecting the dues promptly. The major problem of this department is how to collect the dues but retain the customers. An undue haste in collection is likely to drive away the customers while negligence in collection dues may cost additional expenses and even loss due to bad debts.

### **CIRCULAR LETTERS:**

Circular letters are the cycle of business dealings. A circular is a communication means to convey information of a business firm to customers, business, friends etc. In the course of business occasions will arise to send out circular letters.

### **STATUS ENQUIRIES**

Since it involves risk, the business men make enquiries regarding the Financial Standing, Reputation, Credit worthiness and character of the customer. This enquiry is made before the deal is getting kicked off; such enquiry is known as Status Enquiry in the business context.

### **SELF ASSESSMENT QUESTIONS AND ANSWERS**

#### **1. WRITE SHORT NOTES ON BUSINESS LETTERS**

Most letters which are written for commercial purposes are trade or business letters. Every trade letter is written with a certain aim. They include

letters of enquiries and replies, letters of order, confirming order, letters of dispatch, letters of settlement etc.

When the buyer needs more information on a product or service of an organization, the correspondence thread starts from buyer, this will naturally be replied. When the response is satisfactory, he sends an order, which in turn the seller will execute, the order and accounts are settled, unless there is some cause for complaint, if there is any complaint, they are adjusted. Finally payments are made and the whole correspondence comes to an end.

**2. WHAT IS AN ENQUIRY?**

Refer to Summary and Keywords

**3. WHAT IS REPLY TO ENQUIRY?**

Refer to Summary and Keywords

**4. DESCRIBE QUOTATION WITH A TYPICAL LETTER OF QUOTATION.**

Refer to 2.3 Quotations

**5. WHAT IS PURCHASE ORDER?**

For a buyer, making enquiries is the first stage. It enables him to get information necessary to place his order. On the part of the seller, his reply to the enquiry is the stage from where he expects and endeavors to obtain orders from prospective buyers. The quotations are the offer made by the seller and the orders by the buyers are the acceptance of the offer. This acceptance, which is in the form of an order, is the thread which establishes a legal relation between the seller and the buyer

**6. WRITE SHORT NOTES ON STATUS ENQUIRY**

Refer to 2.3 Quotations

**7. LIST OUT THE OBJECTIVES OF CIRCULAR LETTER OBJECTIVES OF CIRCULAR LETTERS:**

1. To obtain publicity for a merchandise.
2. To impress the readers with the facts about the firm and the products.
3. To make the readers more interested in their contents.
4. To attain the confidence of the readers.
5. To stimulate sales

## **8. WHAT ARE THE STAGES INVOLVED IN THE COLLECTION LETTERS FOR AN UNPAID ACCOUNT?**

**An unpaid account passes through the following stages of collection correspondence:**

1. Sending a statement of account
2. Reminders
3. Enquiry and discussion
4. Appeal and urgency
5. Demand and warning
6. ELABORATE COMPLAINTS AND ADJUSTMENTS.  
Refer to 2.5 Complaints and Adjustments

### **EXERCISES**

1. Write a Letter of Enquiry to M/s. Ram & Raj Company asking about the features of their product "DVD "player.
2. Do Status enquiry under different conditions for a sub dealer asking for credit.
3. Place a purchase order for 150 nos of Flat TVs to be sent through CVG Cargo network , Chennai by M/s.Heltronics co., Chennai.

### **RECOMMENDATIONS FOR FURTHER READING**

#### **TEXT BOOK**

Rajendrapal and Koralahalli J.S, Essentials of Business Correspondence, Sultan Chand & Sons.

#### **REFERENCE BOOKS**

1. Ramesh M.S. & Pattan Sheety, Effective Business English & Correspondence, RC Publications
2. Balasubrahmaniyan, Business Communication, Vikas Publishing House PVT. Ltd.
3. U.S.Rai, S.M.Rai, Business Communication HPH.
4. Shiley Taylor, Communication for Business, LONGMAN.
5. RSN Pillai, Bagavathi, Commercial Correspondence & office management,S.Chand
6. N.S.Rasunathan and B.Santhanan, Business Communication, Margham publications
7. Chaturvedi, Busniess Communication Concepts, Cases and Applications,Pearson Education.



## **UNIT - III**

### **Structure**

Introduction

Learning Objectives

3.1 Bank correspondence

3.2 Insurance correspondence

3.3 Agency Correspondence

3.4 Letters to the Editor

3.5 Applications for Appointment

Summary and key words

Self Assessment Questions and Answers

Exercises

Recommendations for Further Reading

## UNIT - III

### INTRODUCTION

Commercial correspondence as discussed in the previous unit, is not limited to the certain area of business and still extends its wing to other forms of business and service units such as Bank, Insurance, and Agency and so on. Correspondence relating to these is discussed in this unit with suitable examples. In addition to this, this unit will also emphasize on Letters to editors and the Applications for appointment.

### LEARNING OBJECTIVES

After studying this unit, the reader will be able to:

- Know the various Bank Correspondences
- Figure out wide range of Insurance Correspondences
- Be familiar with Agency correspondence
- Draft various letters to the Editor
- To become familiar with preparing the letter of Application for a job.

### 3.1 BANK CORRESPONDENCE

Bank plays a very important role in the business life of any community. It is an indispensable institute in the modern society and it constitutes the core of the money market of the advanced countries. In the Era of LPG (Liberalisation, Privatisation and Globalisation) business institutions need to face competitions largely as never before and that they are expected to make heavy investments on adopting the new technologies to keep pace with their competitors, this makes them to rely on Banks for their financial assistance. Even for the rich proprietors it is unavoidable under the circumstances of expansion; sometimes the business units would not disturb the existing capital which is required for meeting their capital requirements, in this case they seek financial assistance elsewhere and here the Banks come into picture.

Banking helps the business people by way of accepting deposits, lending loans, assisting business transactions and so on. As a part of its core functions, it has to make communication with the customers, other banks or with the head office etc such correspondence is called bank correspondence.

#### Functions of commercial banks

Accepting deposits	Lending money	Agency & Miscellaneous
1. Fixed Deposits	1. Cash credit	1. Discounting of bills
2. Current Deposits	2. Overdraft	2. Mail Transfer, Telegraphic
3. Recurring Deposits	3. Loans (Short & Long term)	Transfers, drafts,
4. Savings Deposits		Custody.

Types of Bank Correspondence;

Bank correspondence can be broadly classified under four heads;

- (i) Letters between a bank and its customers.
- (ii) Letters from the Head Office of a Bank to its branches
- (iii) Letters from the Branches to their Head office
- (iv) Letters from one bank to another.

All bank correspondence should be ----

- (i) as brief as possible provided the brevity does not make it unintelligible or ambiguous;
- (ii) clear, complete, precise and absolutely free from ambiguity, so that any one can quickly understand its meaning in the first reading itself;
- (iii) accurate in contents (i.e., figures, dates, names of parties etc. as a Small mistake in any of these details is likely to result in serious consequences to the banks);
- (iv) so carefully worded as to maintain secrecy about the accounts and Other affairs of its customers, i.e., it should neither indicate the balance to the credit of the customer nor should it contain any statement likely to injure his credit; and
- (v) tactful and courteous particularly while (a) Drawing the attention of his customers to their overdrawn accounts. (b) Replying to their complaints, (c) Expressing his inability to grant their request for loans and advances, etc., (d) asking for further security, and (e) suggesting a reduction of the overdraft limit.

### **CORRESPONDENCE WITH CUSTOMERS**

When someone wishes to open an account with a bank, he/she writes a letter to the bank and the same is scrutinized and accepted by the bank, since then all other transactions come into picture. Such correspondence is known as Bank Correspondence with customers.

Example - 1 Opening of Bank Account

#### **HINTS FOR DRAFTING**

1. The account opening form, duly filled in, has to be submitted. In case of firms, all the partners must sign the letter and enclose a copy of the partnership Deed
2. In case of corporate enterprise, the articles of associates and Memorandum of Association and a copy of the resolution permitting the company to open the bank account should be submitted. The letter has to be signed by the authorized signatories.



3. It is a formal letter, so nothing irrelevant has to be included.

Letter No. 1. A Letter requesting a Banker to open an account.

VASANTH KULKARNI & COMPANY

61, 5th Main,  
Vijayanagar,  
Bangalore-40,

May 17, 2006

The Manager,  
Vijaya Bank Ltd.,  
Vijayanagar,  
Bangalore-40.  
Dear Sir,

Sub:- Request for Account opening - Reg

I am desirous of opening a current account with you. I have sent your Printed application form duly filled in with specimens of my signature and The letters of introduction from one of your customers, Shri N. Guru, proprietor " Madhu Sweet Mart" through my personal assistant, Miss N.Maya, Who will pay in a sum of Rs.500( Rupees five hundred only) as initial deposit.

Kindly send with her a cheque book containing 25 leaves, a Pass Book and a paying-in-slip book for purposes of remittances.

Thank you,

Yours faithfully,  
Vasanth Kulkarni,  
Proprietor.

Note 1. In the case of a partnership specimens of all partners' signature will have to be furnished together with the deed.

### **Letter from the Head Office of a Bank to its branches and vice versa**

#### **(A) LETTER FROM HEAD OFFICE TO ITS BRANCHES**

Any decision which the Head office makes in various matters referred to it by the branch manager will be taken as precedent by branch managers, to be followed in other cases of a similar nature, hence it should take greatest care in arriving at correct decisions and should communicate them in an unambiguous language.

If the Head office decides in a particular case, not to act on the recommendation of a branch manager, it should mention the actual reasons for

taking a negative decision because he will have to convince his customers without letting down his management.

Such intimations and correspondence from the Head office to its branches are of Head office correspondence with branches.

**(B) LETTERS FROM BRANCHES TO THE HEAD OFFICE NORMALLY COMPRISE**

1. Letters recommending the granting of loans and advances to branch customers
2. Letters pertaining to the appointment of, promotions, transfers of the members of the staff and disciplinary actions against them.
3. Branch managers reports on the administration of branch, local problems and trade conditions, expansion schemes, progress etc.

The subject matter has to be precisely mentioned in such a way that it doesn't create any ambiguity to the Head office and it must present all the relevant details , findings and suggestions in unambiguous terms.

A Letter from a branch to the Head Office recommending an overdraft to one of its customers.

**THE JANATA BANK LIMITED**

Market Branch

Mysore-2.

October 1, 2006.

The General manager,  
The Janata Bank Ltd.,  
New Delhi-5.

Dear Sir,

Mr.Jagannath Mishra, proprietor of " Karnataka Textiles", Irwin Road, Mysore-2, has approached with a request for an overdraft facility to the Extent of Rs.25,000 for a period of six months from November 19.... In orderTo replenish his stocks to meet the increase in his turnover during Christmas and Pongal.

Mr. Mishra offers the following securities as cover against the overdrafts:

1. A charge on 220 shares of Rs.100 each of Amrut Mills, Bombay quoted, at present, in the Market at Rs. 125 each.
2. A charge on his stock-in-trade, in his shop, at Irwin Road,Mysore, valued at Rs. 7,000

Mr.Mishra has been one of our old customers of great integrity and has had the most satisfactory dealings with us. His credit is high in the locality and his association with has resulted in our securing many profitable accounts.

I have, therefore, no hesitation in recommending him to you, for the said Overdraft facility. The application for the overdraft submitted by Mr. Mishra is enclosed.

Yours faithfully,  
Vaman Sharma,  
Branch manager.

A letter asking a bank for a circular letter of credit.

**R.CHAND & COMPANY**

**PUBLISHERS**

1, Ansari Road,  
New Delhi-2

June 1, 2006

The Manager,  
United Commercial Bank,  
New Delhi.

Dear Sir,

Our Sales Manager Mr. N.A. Gilbert is shortly going on a business tour in Connection with our Book Business and will be visiting Bombay, Poona, Dharwar, Mangalore, Mysore, Bangalore, Hyderabad, Bhopal and Agra.

We shall consider it a privilege if you will issue in his favour a circular Letter of credit to the extent of Rs.7,500-00 (Rupees seven thousand five Hundred only ), for period of three months from the date of issue.

You may debit this amount together with your usual charges to our current account.

Thank you.

Yours faithfully,  
For R. Chand & Company,  
G.S. Sharma,  
Proprietor.

## **PROMISSORY NOTE**

The law defines a Promissory Note as under: (Section 4 of the Negotiable Instruments Act, 1881) "A Promissory Note is an instrument in writing (not a Bank or currency note) containing an unconditional undertaking signed by the Order of a certain person on a specified date"

## **PARTIES TO THE PROMISSORY NOTE**

There are two parties involved in the Promissory Note;

1. The Maker. The maker is a person who prepares the note i.e., the debtor.
2. The Payee. The payee is the person in whose favor the note is made i.e. the creditor.

## **TYPES OF PROMISSORY NOTE**

- Single party  
Between maker and Holder
- Joint promissory  
Between makers and Holder
- Joint and Several  
Among Makers and Holder

## **A Specimen Promissory Note**

Nagpur

20th June, 2006

On demand (or at three months after date) I promise to pay Mr. ....the Sum of Rupees Five Thousand only with interest a twelve cent per annum for value received.

Rs.5000/-

## **BILL OF EXCHANGE**

A bill of exchange is an important negotiable instrument. It is defined as " an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to order of the instrument.

## **KINDS OF BILLS OF EXCHANGE**

### **DEMAND BILLS**

They are payable on demand, no time limit is given

### **TIME BILLS**

This has a fixed maturity time before which the payment should be made

## **TRADE BILLS**

It is made for the commercial purpose. These are known as genuine bills, it arises out of business deal.

### **A Specimen Bill of Exchange**

Mangalore

25th June 2006

One month after date pay to me or my order the sum of Rupees Five Thousand only for value received.

Rs.5000/-

To Mr.

Sd.

## **3.2 INSURANCE CORRESPONDENCE**

### **INTRODUCTION**

Business is full of risks. The risks of accident, theft, burglary etc., cannot be completely prevented despite utmost care. Hence the next best protection is Insurance.

Insurance contracts can be broadly classified as Life Assurance, and General Insurance. General Insurance relates to Fire, Marine, Accident, Fidelity Insurance etc.

### **FIRE INSURANCE**

It is a contract whereby the insurer, in consideration of payment undertakes to indemnify the insured against loss of damage to property due to Fire during a certain period. Generally a year agreed upon. The contract can be renewed at the end of the specified period.

The important fire insurance policies in use are, valued policy, specific policy, Average policy, Blanket policy, Floating policy, Comprehensive policy and loss of profit or consequential loss policy.

### **MARINE INSURANCE**

Its an arrangement by which the insurance company or underwriter agrees to indemnify the owner of ship or cargo against risk which are incidental to marine adventure in consideration of a premium paid by insured.

### **LIFE INSURANCE**

Life insurance is a contract whereby the insurer on receipt of regular premiums undertakes to pay a certain sum of the insured or to his assignee or legal heirs on the completion of a stipulated period or the death of the insurer whichever is earlier.

In other types of insurance, the insured has to pay only if the loss or damage occurs whereas in life insurance there is definiteness of payment that is why life insurance is often described as assurance.

Whole life policy, endowment policy, joint life policy, convertible whole life policy, Jeevan Kishore and Jeevan Chhaya (for children) and Jeevan Sukanya (for girls) Jeevan Griha plan (for housing) are a few important types of policies. Each of them may be either profit policy or non-profit policy.

Correspondence Relating to Life Assurance

It mostly includes letters concerning-

- (i) an inquiry regarding terms and conditions;
- (ii) submission of proposal for insurance to the Insurance Company;
- (iii) acceptance or refusal of the proposal;
- (iv) failure to pay the premiums; Reminders from the Insurance Company; notice of the Lapse of a Policy;
- (v) the proposal for - (a) Surrendering the policy, (b) Conversion into a paid-up policy;
- (vi) applying for a loan against a policy;
- (vii) revival of a lapsed policy; and
- (viii) assignment of a policy.

#### **SPECIMEN LETTERS**

##### **Letter remitting Premium on Life Policy.**

Vishnudas  
15, K.M. Puram  
Mysore

Date.28.1.2006

The Manager,  
Life Insurance Corporation of India,  
K.R.S Road,  
Mysore-2.

Dear Sir,

Sub:- Premium remittance - Reg

Ref :- Policy No. 0893241 - Own Life

I send herewith a cheque for Rs.195.50 (Rupees one hundred ninety - five and fifty paise only) being premium in respect of my life policy as detailed below;

Policy No.	Date of Commencement	sum Assured	Due date and Mode	Amount of Premium
0893241	14-3-19....	Rs.15,000	14-3-19....	Rs.195.50

Yours faithfully,  
Vishnu das.

Encl.; Cheque

### 3.3 AGENCY CORRESPONDENCE

- Introduction
- Specimen letters

#### INTRODUCTION

Manufactures having a wide market for their goods generally appoint agents for the sale of their goods. They prefer appointing agents to opening new branches also has a tendency to eat deeply into their revenues. Agents generally handle goods of a number of manufacturers. So their overhead expenses are spread over all such products.

Agents are paid commission on the goods handled by them. The rage of commission depends on the facilities offered by the agents: impressive display of products in show-rooms, advertising and publicity, guarantee of payment/collection against credit sales, etc. The reimbursement of expenses is generally made by the principal. Agency contracts are often given for a fixed period but can be renewed contract may be the same as those of the previous one or they may be modified to suit altered conditions. The turnover effected by the agent, further sales potentialities in the market, expenses in maintaining the agency, ect. Are grounds on which the continuation of the agency and the fresh terms will depend. Each agent is also allotted a fixed territory within which ha has to operate.

#### SPECIMEN LETTERS

The correspondence between the principals and their agents includes a wide variety of letters on different occasions. But we shall restrict our discussion to the following types of letters only:

- Offer of agency by the Principal;
- Agent's reply to the above;
- Application for agency by a prospective agent;
- The manufacturer's reply to this application;
- Announcement to the agent regarding obtaining agency;
- Cancellation of agency and public notice by the Principal.

Example - 1 .The manufacturer offers an agency.

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

**MYSORE SILKS (P) LTD.**

Mysore Bank Buliding

K.G.Road

Bangalore

26'th September,19

Messrs.Shamsundar & Co.

Manufacturers' Agents

Mumbai

Dear sirs

Mr.S.Kumar, the sales manager of Modi Textiles (P) Ltd. , was kind enough to recommend you as a firm of highly reliable, reputed and progressive agents in the states of Maharastra and Gujarat. In view of his recommendation we with to offer you the Agency of our products in the states of Maharastra and Gujarat.

MYSORE SILKS have always been catching the imagination of all kinds of customers. Besides, our products are priced to suit all budgets. Priced at Rs.175 to Rs 1850 and above, our sarees are within the reach of most people and satisfy even the most critical buyer in respect of quality, designs, colour-combinations, variety and durability.

In view of the immense popularity our silk sarees, blouse pieces and other varieties of cloth enjoy in southern states, we are sure that our products will find a responsive market in Maharastra and Gujarat as well. You just have to organize an impressive launching of our silks and the customers will flock to your showrooms.

We wish you to work for us as a sole agent for the whole of Maharastra and Gujarat. You will be supplied with adequate stock periodically and your requirements between two regular supplies will be met with promptly. We appreciate the difficulties you may have to face in the initial stages of introduction and offer you highest rate of 15% commission on the net sales.



Our interior decorators will be at your disposal to complete your window dressing jobs at places of your choice. We will also be taking up show-windows in important cities and your suggestions in selecting appropriate places will greatly facilitate our work.

We are sure our business relations will be mutually beneficial and we hope you will be happy to represent our company in your areas.

Yours sincerely.

### **3.4 LETTERS TO EDITORS**

#### **INTRODUCTION**

People desirous of giving expression to some of their strong feelings on various issues, decide to write letters addressed to Editors of Newspapers and Journals and request them to publish the same in their Newspapers or Journals. Thus, letters to Editors are meant for drawing the attention of the readers in general and to mobilize public opinion or sympathy on a particular issue in question, in particular. Some of them will give room for debates and heated arguments. Followed by series of letters to Editors in support of or against the views expressed by the person who wrote the first letter and initiated the discussion or controversy.

Hints on the writing of Letters to Editors

- (1) Always address them to "The Editor".
- (2) Use 'Sir' and not 'Dear Sir' as the proper form of salutation for these letters
- (3) End these letters with 'Yours Truly' as it is regarded as the best complementary close for them.
- (4) If you want to give your address for publication, better place it at the left of your signature.
- (5) If you do not wish your name to be published, you can sign your letter with 'nom-de-plume' such as "one who knows", "A public sympathizer", "Interested", "A sufferer", "Anxious", "The Neglected", etc.

However, in such cases, you must give your name and address in a covering note/letter and it must accompany the letter to be published. Otherwise no newspaper of repute will publish anonymous letters.

- (6) Avoid (i) personal insulting remarks or (ii) references to certain issues which you feel difficult to prove, (iii) unparliamentary language, (iv) filthy expressions etc. lest you should face a legal inquiry.

However if you are cent per cent sure of proving what you claim, use a polished language whatever be the state of your mind.

(7) Make the letter brief but clear and simple, as far as possible, because these letters are meant for all types of readers including laymen.

(8) Arrange the ideas in a logical and convincing way.

Note 1. Letters that are unduly lengthy will not be entertained.

2. The general principles of effective commercial correspondence explained in Chapter No.3 (Part VI) govern letters also.

### **SPECIMEN LETTERS**

As it is extremely difficult to cover countless issues on which various types of letters to Editors can be written, we have given only a few letters, with the hope desirous of knowing more about the drafting of such letters are sure to find excellent examples in almost all the leading and respectable newspapers published in our country.

Letter No. 1. A letter to a Newspaper, about a bad road which is in need of an urgent repair.

Bangalore-20.

April 4,20....

From

M.N.Joginder Singh

Kamini Lodge.

To

The Editor

"The Indian Express",

Bangalore - 2.

Sub : Request for Publishing the enclosed letter - Reg.

Dear Sir,

Please publish the enclosed letter in the columns of your esteemed daily at your earliest.

Thank you.

Yours faithfully,

M.N.Joginder Singh

Sir,

I regret that our Corporation wants waking up. As private appeals to their office have had the least effect, perhaps a little publicity is most welcome. For the last six months Jawaharlal Nehru Road has been almost impassable. The surface is badly broken up by the heavy downpour, with countless pot-holes, and on a dark night (the road having the least street

lights, that too with most of them not working) it is extremely dangerous, for motors or carriages to pass that way. To worsen the situation, there are heaps of road metal on both sides of the road leaving very little room in the middle for vehicles. The footpath is extremely narrow compelling the pedestrians either to walk in the middle of the road or to do circus on the heaps of road metal. It is rather scandalous that we should be inconvenienced in this way for six long months. May I hope the public will bring pressure to bear on those so-called responsible so that the road may be put in through repair without further delay.

Yours truly,  
An indignant sufferer.

### **3.5 APPLICATION FOR APPOINTMENT**

Application for a situation is undoubtedly important for an unemployed seeking a job, It is like a sales letter that the person who is in the need of job sells his services to an organization who offers job quotation.

It is gaining importance at present among both the employed and unemployed people. Since it creates impression for a person with the employer, it has undergone many changes over a period of time to attract employers.

A typical application consists of the following

- Covering letter
- Resume
- Enclosures such as testimonials, self addressed envelop etc.

### **USEFUL HINTS ON DRAFTING LETTERS OF APPLICATION**

1. No irrelevant offers with respect to qualification should be applied for.
2. Write the application with great care, courtesy and precision
3. Letters should be free from blots, interlineations
4. Write the letter without spelling mistakes and grammatical errors.
5. Introductory paragraph

If the application is in reply to an Advertisement,

- State when and where the advertisement appeared (ie .Name, Date of the news paper)
- Give the box number and address in its inside address if the name of the advertiser is not known.
- If it is an unsolicited application, explain your interest in the kind of work for which you apply and commence the introductory paragraph by writing - Being given to understand that a vacancy exists for the post of  
.....

- State the nature of the position for which the application is made. Thus the first para which is devoted to all these, forms the introduction.
6. Body of the Letter  
State in the next paragraph, frankly, modestly and briefly your:
    - Educational Qualification with the name of the institute.
    - Experience in that particular line of business, if any.(with name of the employer and reasons for leaving the current job)
    - General ability
    - Age , Hobbies and any special qualification that may be of use to the employer
    - Fitness for the position for which you are applying ( Avoid exaggeration on which you are not familiar with)
    - divide the body of the letter into paragraphs
  7. State the terms and conditions under which you are willing to serve in a separate paragraph
  8. Give the names of the persons with all the details to who reference may be made
  9. Concluding paragraph  
End the letter with an assurance that you would endeavor to give satisfaction to the employer, if you are selected.
  10. Ensure that all the paragraphs are characterized by an easy transition or sequence of thoughts or ideas.

### **Specimen letter**

Application for employment with paragraph headings

G.Madhan Mohan  
40, Ramar Temple Road  
Hosur.

July 7, 20...

The General Manager  
Hindustan Machine Tools Ltd,  
Bangalore.

Dear sir,

Sub :- Application for suitable job - Reg.

In reply to the advertisement in yesterday's "Hindu", calling applications from qualified Engineers for some posts in your esteemed concern, I wish to



## **INFLUENCE OF JOB PORTALS IN SEARCH OF SUITABLE JOBS**

The above specimen letter illustrates the typical letter of application for a job. There is no cook book formula for drafting a letter for application in the present scenario, as most of the employers themselves send their own format of letters through the advertisement either in the Job portals or in the News papers. Hence the applicants, at present, have impediments in drafting letters and they do not need to spend more time in completing the same.

The websites of job portals pave easiest way to the qualified applicants in searching and applying for a suitable job, this, in turn helps employers in scrutinizing the same in the short span of time. Some of the employers do conduct written test through on-line which enables the suitable applicants in attending to and the getting the results of the tests as and when they could see the job vacancies.

## **SUMMARY AND KEY WORDS**

### **PROMISSORY NOTE**

The law defines a Promissory Note as under: (Section 4 of the Negotiable Instruments Act, 1881) "A Promissory Note is an instrument in writing (not a Bank or currency note) containing an unconditional undertaking signed by the Order of a certain person on a specified date"

### **BILL OF EXCHANGE**

A bill of exchange is an important negotiable instrument. It is defined as " an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to order of the instrument.

### **FIRE INSURANCE**

It is a contract whereby the insurer, in consideration of payment undertakes to indemnify the insured against loss of damage to property due to Fire during a certain period. Generally a year agreed upon. The contract can be renewed at the end of the specified period.

The important fire insurance policies in use are, valued policy, specific policy, Average policy, Blanket policy, Floating policy, Comprehensive policy and loss of profit or consequential loss policy.

### **MARINE INSURANCE**

Its an arrangement by which the insurance company or underwriter agrees to indemnify the owner of ship or cargo against risk which are incidental to marine adventure in consideration of a premium paid by insured.

## **LIFE INSURANCE**

Life insurance is a contract whereby the insurer on receipt of regular premiums undertakes to pay a certain sum of the insured or to his assignee or legal heirs on the completion of a stipulated period or the death of the insurer whichever is earlier.

## **SELF ASSESSMENT QUESTIONS**

1. What is Bank Correspondence?
2. Write short notes on insurance correspondence
3. What is Agency Correspondence
4. Write down the essential parts of letter of application for a job.
5. Explain the Various functions of a commercial Bank

## **EXERCISE**

**WRITE A LETTER OF APPLICATION FOR THE POST OF ENGINEER IN A RENOWNED INDUSTRY.**

## **RECOMMENDATIONS FOR FURTHER READING**

### **TEXT BOOK**

Rajendrapal and Koralahalli J.S, Essentials of Business Correspondence, Sultan Chand & Sons.

### **REFERENCE BOOKS**

1. Ramesh M.S. & Pattan Sheety, Effective Business English & Correspondence, RC Publications
2. Balasubrahmaniyan, Business Communication, Vikas Publishing House PVT. Ltd.
3. U.S.Rai, S.M.Rai, Business Communication HPH.
4. Shiley Taylor, Communication for Business, LONGMAN.
5. RSN Pillai, Bagavathi, Commercial Correspondence & office management,S.Chand
6. N.S.Rasunathan and B.Santhanan, Business Communication, Margham publications
7. Chaturvedi, Busniess Communication Concepts, Cases and Applications,Pearson Education.





## **UNIT - IV**

### **Structure**

Introduction

Learning Objectives

4.1 Secretary and his duties

4.2 Correspondence with Shareholders

4.3 Correspondence with Directors

4.4 Correspondence with others

4.5 Correspondence with government

Departments and Public bodies

Summary and key words

Self Assessment Questions and Answers

Exercises

Recommendations for Further Reading

## **UNIT - IV**

### **INTRODUCTION**

Every organization in the era of LPG needs maintain harmonious relationship with its stakeholders and other agencies in order to sustain its existence in the market.

Regular Correspondence with some agencies is badly required for maintaining the same. This unit has been designed in such a way that it helps the readers to recognize and to become familiar with the various correspondences of the secretary of an organization with Directors, Government and others.

### **LEARNING OBJECTIVES**

After studying this unit , the reader will be able to:

- Understand the duties of a company secretary
- Know his correspondence with Directors, Shareholders and Government departments

### **4.1 SECRETARY AND HIS DUTIES**

The secretary of a company occupies an important position in the administrative Work. The secretary has to gain the confidence of the management and has come to be recognized as the principal officer of the company. A secretary as the executive office of the company plays a vital role for the board of directors. As the executive party of the company takes policy decisions to govern the day-to-day administration of the company, the secretary should convey its decisions and directives to the concerned persons such as Employees, Holders of Shares and Debentures, customers and the other outside parties of the company with whom the company has business correspondence.

### **DUTIES**

1. He acts as a vital link between the company, board of directors, shareholders, and the government and other regulating agencies.
2. He is associated with the formulation of long term and short term corporate policies and Programs
3. He is involved in the important task of raising funds through public issues, private placement, public deposits, etc
4. He looks after the secretarial functions
5. He has to also act as a corporate development planner

### **VARIOUS CORRESPONDENCE**

Secretarial correspondence can be classified into the following categories:-

1. correspondence with directors
2. correspondence with shareholders
3. correspondence with others

#### **4.2 CORRESPONDENCE WITH DIRECTORS**

The routine course secretarial sections are

- Sending notices of board meeting and the reports of the proceedings of such meetings
- Sending periodical reports of the proceedings of such meetings
- Sending periodical reports of the company

#### **HINTS FOR DRAFTING :-**

- Being subordinate to the directors a secretary has to be very tactful and courteous to them, while communicating with them.
- The secretary will have to show due deference to the director.

**Given below are a few examples of the secretary's correspondence with Directors**

#### **Example 1**

A director asks for the details of the previous Board meeting which he could not attend he also request the secretary to include in the agenda for the next meeting his suggestion to hold meetings on certain fixed days of the month.

Vinod mehta  
101prasanth hotel,  
Majestic circle,  
Bangalore.

18thfeb, 2007

The Secretary  
National textiles ltd  
Mumbai  
Dear sir

**Sub:- Request for minutes of meeting - Reg.**

I have been on a business tour of Karnataka for the last 10days. Hence I would not attend the board meeting that was scheduled to be held on 13thfeb. I shall be thankful to you if you send me the details of the proceedings of this meeting at the address given above. I shall be staying in Bangalore up to 28thfeb and you may send me the notice of the next board meeting at same address.

With regard to the dates of various board meetings , I wish to suggest to the chairman to hold the meeting on certain fixed days of each month. This will eliminate clashes between the directors personal Programmes and the board meetings. The trouble of issuing notices for every board meeting will also be saved. will you please include ,in consultation with the chairman this proposal in the agenda for the next meeting

Yours sincerely  
Vinod mehta

### **Example 2**

The secretary's reply to letter no .1

Dear sir

I am enclosing a copy of the minutes Of the previous board meeting held on 13th February, 2007. so that you could be well appraised of the proceedings.

Your proposal to hold the board meetings on fixed dates of each month merits discussion so I am directed by the chairman to include the matter in the agenda for the next meeting to be held on 20th march. A notice of this meeting is enclosed for your information.

Yours faithfully

### **4.2 CORRESPONDANCE WITH SHAREHOLDERS**

Most of the correspondence with the share holders takes the form of:

1. Notice of a meeting
2. Agenda
3. Reports of general meeting
4. Director's reports
5. Letters offering shares
6. Making calls on shares
7. Sending dividend warrants

Personalized letters should be written only on specific requests or demands from share holders.

### **HINTS FOR DRAFTING**

1. The secretary should be courteous, polite and submissive.
2. The secretary's attitude should be considerate and helpful as far as possible.
3. If a shareholders asks for some confidential information, the secretary should handle the situation fact fully.

**Given below are a few examples of the secretary's correspondence with shareholders.**

**Example - 3:**

A shareholder asks about the progress of the company in future with a view to increasing his share holding.

Dear sir,

A good dividend reward in the last five years and a high price in the share market for your company's shares have impressed me very much & I wish to increase my present share holding in the company. I shall be obliged if you kindly let me know weather the company os contemplating the issue of any right shares or bonous shares for the expansion of its activities or weather there is any possibility of increase in the dividend rate this year.

Your advice in the matter will facilitate me greatly.

Yours faithfully

**Example - 4:**

Secretary's reply to letter no:3

Dear sir

Sub :- In response to your letter of 12th Feb - Reg.

I appreciate your interest in this company and wish I could give

You the desired information. However, the confidential nature of my position as the secretary restrains me from disclosing any information that I posses in the course of my duty. Moreover, supplying this kind of information would be prejudicial to the interests of the other shareholders.

However, I would like to tell you that a study of the latest 'report and accounts' of the company and the report in the economic times can assist you in assessing for the future prospectus of the company. Your share brokers would also gladly advise you in the matter of the investment.

Yours cordially,

**4.4 CORRESPONDENCE WITH OTHERS:**

This includes correspondence with:

1. The registrar of companies
2. The bankers
3. The auditors
4. Government officials
5. The public

### **HINTS FOR DRAFTING:**

- The secretary is expected to use tact and politeness and has to be brief and to the point in writing.
- He has to make a proper selection of words so that he does not cause any legal complications for the company.

**Given below are a few examples of the secretary correspondence with others...**

Example - 5:

A letter requesting the auditor to take up the audit work.

Dear sirs

I am directed by the chairman to request you to please take up an interim audit of our branches at Margo, panjim & vasvo, for the half year ending on 30th June 2007, the negotiations for the merger of these three branches with the gomantak potteries (p) ltd. And the formations of a new public company have been completed and the rate of exchange and the valuation of the assets are urgent jobs to be completed now. Hence you are requested to complete the audit work early. In any case, your report and audited accounts and the balance sheet should be submitted to the board before the end of the first week of august for their consideration at the board meeting during the second week of august.

The managers of the different branches have already been asked to keep their books ready for auditing. Please inform us when you start the audit work.

Yours truly.

### **4.5 CORRESPONDENCE WITH GOVERNMENT, PUBLIC BODIES AND GENERAL PUBLIC**

The secretary will have to write on several occasions to many public bodies and general public having contact with the company while writing those, he should be very cautious of using the words and he must ensure that he doesn't disclose any secrets of the company. Particularly when some important issues rise against the company he must be careful in conveying the information in connection with that.

Application to a stock Exchange for the enlistment of securities.

## **SRI KRISHNA RAJENDRA SUGAR COMPANY LIMITED**

Bangalore - Ooty road

Mysore- 1.v

February 1, 20...

The secretary,  
The Bangalore stock Exchange,  
Kempegowda Road  
Bangalore-9.

Dear sir,

Sub: - Application for job enlistment - Reg.

We are sending herewith our application for permission to deal in and for an official quotation of the equity shares of our company. The cheque for Rs..... being the application fee, is enclosed

One copy each of the Memorandum and articles of Association of the company and its prospects are enclosed with the application.

An early reply is solicited

Yours faithfully

For Krishnarajendra sugar Co.Ltd.

Secretary.

### **SUMMARY**

#### **DUTIES OF A SECRETARY**

He acts as a vital link between the company, board of directors, shareholders, and the government and other regulating agencies.

He is associated with the formulation of long term and short term corporate policies and Programs

He is involved in the important task of raising funds through public issues, private placement, public deposits, etc

He looks after the secretarial functions

He has to also act as a corporate

#### **CORRESPONDANCE WITH SHAREHOLDERS**

Most of the correspondence with the share holders takes the form of:

8. Notice of a meeting
9. Agenda
10. Reports of general meeting
11. Director's reports

12. Letters offering shares
13. Making calls on shares
14. Sending dividend warrants

#### **CORRESPONDENCE WITH OTHERS:**

This includes correspondence with:

6. The registrar of companies
7. The bankers
8. The auditors
9. Government officials
10. The public

#### **SELF-ASSESSMENT QUESTIONS**

1. Write down the Duties of Secretary of the company
2. Why the secretary of the organization should maintain correspondence with shareholders?
3. List out the various correspondences that a company secretary has to maintain apart from directors and shareholders

#### **EXERCISES**

Write a letter to a shareholder who complains that, although he has advised you of his change of address, communication from your company continue to be sent to his former residence.

Write a letter to a renowned business leader conveying, on behalf of the chairman of the board of directors, an invitation to him to join the board of your company.

#### **RECOMMENDATIONS FOR FURTHER READING**

##### **TEXT BOOK**

Rajendrapal and Koralahalli J.S, Essentials of Business Correspondence, Sultan Chand & Sons.



## **REFERENCE BOOKS**

1. Ramesh M.S. & Pattan Sheety, Effective Business English & Correspondence, RC Publications
2. Balasubrahmaniyan, Business Communication, Vikas Publishing House PVT. Ltd.
3. U.S.Rai, S.M.Rai, Business Communication HPH.
4. Shiley Taylor, Communication for Business, LONGMAN.
5. RSN Pillai, Bagavathi, Commercial Correspondence & office management,S.Chand
6. N.S.Rasunathan and B.Santhanan, Business Communication, Margham publications
7. Chaturvedi, Busniess Communication Concepts, Cases and Applications,Pearson Education.



## UNIT - V

### Structure

Introduction

Learning Objectives

5.1 Introduction to Report Writing

5.2 Characteristics of a Good Report

5.3 Reports by Individuals

5.4 Reports by Committees

5.5 Precise Writing

5.6 Passages Relating to Business and  
Management

Summary and key words

Self Assessment Questions and Answers

Exercises

Recommendations for Further Reading

## UNIT - V

### INTRODUCTION

Thousands of reports of many kinds are prepared everyday in order to make the others known about the day-to-day activities and business environment. Reports are not only written by the business people but also the people of all kinds viz. Government authorities, financial institutions, Hospitals and other service agencies.

The purpose of report is to express the scenario of something and to provide written evidence on the same to others and to themselves for future reference. This unit brings out the essentials of report writing, various kinds of reports and Precise writing in a nutshell to enable the readers to draft reports of all kinds meticulously.

### LEARNING OBJECTIVES

- At the end of this unit, the reader will be able to:
- Understand the meaning, importance and Characteristics of a good report
- Know the various kinds of reports such as reports by individuals and committees
- Understand what is precise writing and passages relating to business and management

### 5.1 INTRODUCTION TO REPORT WRITING

#### MEANING

According to C.A.Brown,, "A report is a communication from some one who has some information to some one who wants to use that information".

The basis of a business report may be the:

- ❖ Available data
- ❖ Enquiry
- ❖ Investigation
- ❖ Survey
- ❖ Interview
- ❖ Experiment
- ❖ Research

#### OBJECTS/MERITS OF REPORTS

1. Making Recommendation
2. Assists Decision Making
3. Solving Problems

4. Achievement of objectives
5. Assessing progress of the company
6. Ensures effective control
7. Clear cut examination of various activities
8. Collecting Statistical Information

## **IMPORTANCE OF REPORT**

A report is a basic management tool used in decision-making. Hence it is extremely important. In a one-man business, the functions of reporting and decision making are combined in one man - the proprietor. He knows his business inside out and is capable of making on the spot decisions. So he doesn't need any reports. But the large scale industries are engaged in multifarious activities, which are being handled by different departments. Their executives cannot keep a personal watch on overall activities and they desperately need reports for decision making. For large scale industries, reports are indispensable.

## **5.2 CHARACTERISTICS OF GOOD BUSINESS REPORT**

### **1. GOOD FORM & CONTENT**

It includes proper title, headings, sub headings, facts & opinions, logical sequence, proper layout etc.

### **2. GRAMMATICAL ACCURACY**

The rules of grammar, Active voice, Present Tense, Construction of sentences should be observed.

### **3. SIMPLE & CLEAR LANGUAGE**

The report should be simple, unambiguous (not confused) and clear language. Jargons (technical words) should be avoided.

### **4. PROMPTNESS**

The report should be submitted timely. Delay should be avoided. Quick reporting will serve the purposes.

### **5. ACCURACY**

The report should be accurate, reliable & complete.

### **6. RELEVANCY**

It should be presented only to the Needy.

### **7. CONSISTENCY**

Report should facilitate comparison. It should always reflect consistency by faultless drafting.

## **8. BREVITY**

Report should avoid repetitions and exaggerations. The subject matter should be dealt briefly. The report should be complete, and comprehensive.

## **9. FREQUENCY OF REPORTS**

The reports should be sent regularly at a periodic intervals.

## **10. CONTROLLABILITY**

The reports should ensure effective control.

## **TYPES OF REPORTS - ACCORDING TO METHODOLOGY:**

### **1. PERIODIC REPORTS: IT INCLUDES**

#### **A. ROUTINE REPORT**

Reports prepared about day-to-day working concern such as weekly, monthly or quarterly.

#### **B. SPECIAL REPORTS**

It is not prepared on routine basis. It is prepared to meet out special purposes only. Matters such as market Analysis, Technological changes. Report by secretary etc. are covered under this type.

### **2. PROGRESS REPORT**

It aims at establishing comparisons to analyse the progress made. Forex Report relating to the construction of a road, factory ,building, bridge or dam etc.

### **3. EXAMINATION REPORT**

It analyses the past and present conditions in order to make recommendations on what has to be done next.

### **4. RECOMMENDATIONS REPORT**

Also called Analytical Report. It is done on matters relating to

- (a) Advisability of the setting up of new factory
- (b) Opening of new branch
- (c) Expansion of factory

### **5. STATISTICAL REPORTS**

Include financial data mathematical charts , tabular columns of figures etc.

For ex: Reports submitted by costing department.

## **B. ACCORDING TO LEGAL FORMALITY**

1. Formal Report: Report submitted by an official or authority having formal status.
2. Informal Report: Report without any statutory obligation.

### **1. FORMAL REPORT HAS TWO KINDS SUCH AS,**

#### **A. STATUTORY REPORTS**

As per companies Act 1956. It must be given to shareholders. This report is given by the board of Directors & Auditors. Detail regarding shares allotment, Receipts and payments, preliminary expenses, Names, Addresses and Occupations, Annual report Auditors Report etc are covered.

#### **B. NON-STATUTORY REPORT**

The committees Directors are responsible to submit certain non-statutory reports to the various management people. It helps them in framing important policies, taking decision, making estimates and controlling operations.

It includes,

- (i) Reports of standing committee
- (ii) Reports of special or Ad-hoc committee
- (iii) Separate reports to share holders (example - special project, entering New lines of business)
- (iv) Reports by executive Heads & officers of a company (performance of a department. the business trend, deviations from plans & budgets.)
- (v) Financial Reports
- (vi) Reports of the company secretary
- (vii) Reports on meeting.

## **ACCORDING TO THE SIZE, REPORTS ARE CLASSIFIED AS FOLLOWS**

### **5.3 REPORTS BY INDIVIDUALS**

While drafting this report, individuals must concentrate on orders, arrangement the subject matter more carefully. For example, the Manger of prodn. Department submits report on a proposed new method of production.

#### **SOME EXAMPLES OF REPORTS BY INDIVIDUALS**

1. Report of a sales Manager on the Increasing competition from rival enterprises with suggestions to overcome the same
2. Report of a Manger on suitable premises for the company.
3. Report of a general manager on the desirability of opening a branch of a textile company

4. Report of a Works Manager on the Damage caused by a serious accident at the factory.

#### **5.4 REPORTS OF COMMITTEES OR SUB COMMITTEES**

When a group of persons in the committee writes any report, it is called Reports by committee. It includes,

- (a) Reports of a sub-committee appointed to examine the suitability of a particular site for a proposed new factory.
- (b) Reports of a committee of Directors on declining sales with suggestions to overcome the same.
- (c) Reports by committee on the possibilities of opening a New branch

#### **DIFFERENCE BETWEEN REPORTS & LETTERS**

- a. Letters are mostly written to get action, but Reports are written mostly to carry clear information.
- b. Letters need not be requested, but Reports are given on request mostly.
- c. Reports should follow certain features such as facts, logical presentations. Precise information but letters may not have all these features.
- d. Reports is a record of truths.
- e. Letters is a kind of communication, which is not a record of events.

#### **STEPS IN PREPARATION OF REPORT (OR) DRAFTING OF A REPORT**

Report Writing requires expertise, skills & procedure. One must follow effective process. As given bellow:

##### **Step 1: Preliminary Analysis**

The purpose should be defined, examined clearly. The exact problem that is to be solved. The readers expectations, The scope of the draft, The plans should be developed. The procedure, schedules etc. arc to be decided in advance.

##### **Step 2: Collection, Analysis & Interpretation of Data**

The data to be collected are primary or secondary, For collecting primary Data, tolls such as interview, schedules, questionnaires are used. For secondary Data libraries, journals etc are used.

The collected Data should be classified (classification of data)tabulated (Tabulation of data) for effective interpretation.

The data can be interpreted with the help of statistical tools such as Mean, std, deviation, correlation, regression & so on.



### Step 3: Making Recommendations

Based on Analysis & interpretations, suggestions and interpretations can be given to solve the problem.

### Step 4: Preparation of Final Report

There is no standard procedure. However, for statutory reports, it should follow certain format prescribed by the act.

#### THE GENERAL LAY OUT /ORGANIZATION INCLUDES

##### (A) LETTER FORM

(i) Introduction

(ii) Findings

(iii) Recommendations

##### (B) MEMORANDUM FORM

(i) The title at the top

(ii) Name of the Author

(iii) Text & conclusions.

##### (C) LETTER - TEXT COMBINATION FORM

I. Preliminary section	II Text / Context	III Reference
Title Page	* <b>Introduction:</b>	Bibliography
Preface(acknowledgement)	objectives	Appendix
Table of contents	Importance	Glossary
List of tables	Scope etc	Index
List of figures	* <b>Main body :</b>	
List of abbreviations used .	Analysis &	
	Interpretation	
	* <b>Conclusion</b>	

## 5.5 PRECISE WRITING

### MEANING

Precise is derived from 'Preza', means 'Limited' and it is an exact synonym for Precise a French word. It is the gist or main theme of a passage expressed in as few words as possible. A précis is a straightforward statement of the mere facts without adding any unnecessary explanations. A lengthy passage can be reduced to one-fifth or to one-third of the original passage in precise writing.

## **MERITS OF PRECISE WRITING**

- Helps people to have an exercise on Reading and writing
- Saves time for the readers
- Very much useful for Press and in the practical life.

## **ESSENTIALS OF PRECISE WRITING**

1. It must be true and transparent summary of the given passages
2. Precise must be one-third of the passage if no word limit is given
3. The summary must be in indirect form and in the past tense
4. In general, original words of the passage should not be used unless it can't be avoided.
5. Order of ideas must reflect original
6. Precise must be continuously written.

### **Steps involved in Precise writing**

#### **FIRST STEP**

It involves careful Reading and giving title for the passage. For the better understanding of the passage writes should read the passage twice or thrice by which he could be able to grasp the theme of the passage.

#### **SECOND STEP**

This step comprises of preparing the rough draft. While doing this, the general statements must be given more importance than the statistical information and it should be noted that the passage must always be in the form of indirect and in the past tense.

#### **THIRD STEP**

After writing the rough draft, the words should be counted and if they exceed the number, the writer must once again go through the passage and find out whether some unimportant points is included. if it is too small too, important points left out can be added, thus the rough draft would become a continuous and readable format.

#### **FOURTH STEP**

Fourth step of précis writing is a fair draft. Precise must be written in good hand writing with required punctuation. It must begin with a Title underlined and at the foot; it must contain the number of words of the précis by doing so the writer could get an ideal precise of the given passage.

## **5.6 PASSAGES RELATING TO BUSINESS AND MANAGEMENT**

### **(Precise writing and Business management)**

As discussed in the earlier session, precise writing is an important activity for a business unit in narrating the events of business and publishing the same. Mass amount of data always confuse others and they need to be summarized and given as a brief statement. This obliges the management people to turn on to Precise writing during publishing the reports and preparing circulars and so on.

This yields desired results and avoids mass data publishing. Though it is a time consuming process, it is badly required for the business people to convey the messages briefly.

### **SUMMARY AND KEY WORDS**

#### **REPORT**

According to C.A.Brown,, "A report is a communication from some one who has some information to some one who wants to use that information".

#### **BREVITY**

Report should avoid repetitions and exaggerations. The subject matter should be dealt briefly. The report should be complete, and comprehensive. All these measures provide brevity for a report.

### **TYPES OF REPORTS ACCORDING TO METHODOLOGY**

**1. PERIODIC REPORTS:** It includes

#### **C. ROUTINE REPORT**

Reports prepared about day-to-day working concern such as weekly, monthly or quarterly.

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#### **2. PROGRESS REPORT**

It aims at establishing comparisons to analyses the progress made. Forex Report relating to the construction of a road, factory ,building, bridge or dam etc.

#### **3. EXAMINATION REPORT**

It analyses the past and present conditions in order to make recommendations on what has to be done next.

#### **4. RECOMMENDATIONS REPORT**

Also called Analytical Report. It is done on matters relating to

- (d) Ad usability of the setting up of new factory
- (e) Opening of new branch
- (f) Expansion of factory

#### **5. STATISTICAL REPORTS**

Include financial data mathematical charts , tabular columns of figures etc.

For ex: Reports submitted by costing department.

#### **STATUTORY REPORTS**

As per companies Act 1956. It must be given to shareholders. This report is given by the board of Directors & Auditors. Detail regarding shares allotment, Receipts and payments, preliminary expenses, Names, Addresses and Occupations, Annual report Auditors Report etc are covered.

#### **NON-STATUTORY REPORT**

The committees Directors are responsible to submit certain non-statutory reports to the various management people. It helps them in framing important policies, taking decision, making estimates and controlling operations.

#### **DIFFERENCE BETWEEN REPORTS & LETTERS**

- a. Letters are mostly written to get action, but Reports are written mostly to carry clear information.
- f. Letters need not be requested, but Reports are given on request mostly.
- g. Reports should follow certain features such as facts, logical presentations. Precise information but letters may not have all these features.
- h. Reports is a record of trults.
- i. Letters is a kind of communication, which is not a record of events.

#### **PRECISE WRITING - MEANING**

Precise is derived from 'Preza', means 'Limited' and it is an exact synonym for Precis a French word. It is the gist or main theme of a passage expressed in as few words as possible. A précis is a straightforward statement of the mere facts without adding any unnecessary explanations. A lengthy passage can be reduced to one-fifth or to one-third of the original passage in precise writing.

## **SELF-ASSESSMENT QUESTIONS**

### **1. What is a report?**

Refer to 5.1

### **2. Write down the importance of a report.**

A report is a basic management tool used in decision-making. Hence it is extremely important. In a one-man business, the functions of reporting and decision making are combined in one man - the proprietor. He knows his business inside out and is capable of making on the spot decisions. So he doesn't need any reports. But the large scale industries are engaged in multifarious activities, which are being handled by different departments. Their executives cannot keep a personal watch on overall activities and they desperately need reports for decision making. For large scale industries, reports are indispensable.

### **3. What are the characteristics of a good report?**

Refer to 5.2

### **4. What is precise writing?**

Precise is derived from 'Preza', means 'Limited' and it is an exact synonym for Precis a French word. It is the gist or main theme of a passage expressed in as few words as possible. A précis is a straightforward statement of the mere facts without adding any unnecessary explanations. A lengthy passage can be reduced to one-fifth or to one-third of the original passage in precise writing.

### **5. Write short notes on Report by committees**

Refer to 5.4

### **6. What is Brevity in report writing?**

Report should avoid repetitions and exaggerations. The subject matter should be dealt briefly. The report should be complete, and comprehensive. All these measures provide brevity for a report.

### **7. What are the types of Report?**

Refer to 128 to 131

### **8. Explain periodic reports.**

1. Periodic Reports: It includes

#### **i. Routine Report:**

Reports prepared about day-to-day working concern such as weekly, monthly or quarterly.

**ii. special reports:**

It is not prepared on routine basis. It is prepared to meet out special purposes only. Matters such as market Analysis, Technological changes. Report by secretary etc. are covered under this type.

**EXERCISES**

Try to write precise on your own with the reference to any events that took place in an organization you are familiar with.

**RECOMMENDATIONS FOR FURTHER READING**

**TEXT BOOK**

Rajendrapal and Koralahalli J.S, Essentials of Business Correspondence, Sultan Chand & Sons.

**REFERENCE BOOKS**

1. Ramesh M.S. & Pattan Sheety, Effective Business English & Correspondence, RC Publications
2. Balasubrahmaniyan, Business Communication, Vikas Publishing House PVT. Ltd.
3. U.S.Rai, S.M.Rai, Business Communication HPH.
4. Shiley Taylor, Communication for Business, LONGMAN.
5. RSN Pillai, Bagavathi, Commercial Correspondence & office management,S.Chand
6. N.S.Rasunathan and B.Santhanan, Business Communication, Margham publications
7. Chaturvedi, Busniess Communication Concepts, Cases and Applications,Pearson Education.



