

# **BUSINESS COMMUNICATION**

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## **BUSINESS COMMUNICATION**

Objective:

To enable the students to write business letters effectively and develop communication skills.

### **Unit - I**

Nature and Scope of Business Communication – Meaning and Importance of Communication, Kinds of Business Letters – Layout – Barriers to Communication.

### **Unit - II**

Enquiry and Reply – Orders and their Execution – Credit and Status enquiries – Claims and Adjustments.

### **Unit - III**

Collection Letters – Sales letters – Circular Letters – Bank Correspondence; Correspondence of a Company Secretary.

### **Unit - IV**

Application Letters – Meaning, Types- Guidelines to write Application letters and Resumes - Form and content of an Application letter. Report writing – Features, Types of Reports, Organisation of a Business Report, Preparation of Report – Long and Short Report: Report by Individuals and Committees.

### **Unit - V**

Modern Communication methods – Online Communication – Fax, E-mail, Voicemail, SMS, Internet, Tele – Conferencing, Video – Conferencing, Electronic Bulletin Boards.

## Unit 1

Communication is a process that keeps the flow of messages from one to one, from one to many, many to one, or many to many. It acts as the vein that carries information and keeps all the systems in functioning condition. It acts as the trigger for the functioning of human as well as machinery. Communication is an irresistible and continuous process and happens even when a person is not willing to communicate.

The word Communication is derived from the Latin word –Communicare which means ‘to share’. No living being in the universe can be alive without communication.

### MEANING

There are many definitions for the term communication. In the words of T.S. Matthews, –Communication is something so simple and difficult that we can never put it in simple words.

Definitions that are used very often to describe the communication to the maximum extend are given below.

*“Communication is an exchange of facts, ideas, opinions or emotions by two or more persons”.*

- Newman and Summer.

Communication could be understood as —the exchange of information, ideas, and knowledge between sender and receiver through an accepted code of symbols.

### IMPORTANCE OF BUSINESS COMMUNICATION

In business, communication system makes available the needed information in every situation for the making decisions. Communication system is helpful in eliciting actions to accomplish organisational goals. Communication system in business is equivalent to the neural system of human body.

Every business requires an effective internal and external communication system. An organisation that lacks in communication network cannot succeed easily. Some of the specific needs of business communication are discussed below

#### 1. Decision Making

Communication is the process that provides required information for making decision. Any flaw in information or in communication system may lead to wrong or non implementable decision.

## **2. Execution**

Good communication system helps in executing the decisions in planned manner. It is impossible to issue clear and concrete instructions without an effective communication system.

## **3. Motivation**

Positive communication is a motivating force that leads to improvements on performance. It also increases the efficiency of all functions of management.

## **4. Leadership**

Collection of individuals becomes a mob when there is no effective leader. Communication acts as a bridge between the leader and the follower and persuades the follower for certain action.

## **5. Co-ordination**

Communication enables the managers to practice managerial functions in systematic manner in making the employees understand exactly the required functions to be performed. Further, the individual should find a match between the organisational goals and the personal goals.

## **6. Controlling**

Appropriate communication on performance appraisal and corrective measures leads to better controlling.

## **7. Industrial Relations**

Organised communication promotes mutual understanding between both the employers and the employees.

## **8. Distinguishing Factors**

Communication divides the members from the nonmembers of the group. Members of certain group will possess the information and others do not.

## **9. Consensus**

Consensus takes place only when a group, an organisation, a committee, a meeting or a conference has a good communication system and participants having good communication skills.

## **PROCESS OF COMMUNICATION**

Communication takes place in a defined environment, referred as communication environment. The communication environment includes all the components of communication process and the physical environment prevailing in the situation like lighting,

size of the audience, size of the space, sound media availability, audio-visual aids, etc. For example a classroom is the communication environment when a teacher delivers lectures to students.

### **Sender**

Sender initiates the communication process. Sender has the fact, idea, or opinion which is to be conveyed to the receiver.

### **Message**

Message is the ideas or facts, i.e. the subject matter, which the sender has. The ideas may be in the form of feelings, views, opinions, suggestions, attitudes, etc.,. Sender conceptualizes the subject matter and uses the language to make the message understandable to the receiver.

### **Encoding**

Encoding is the process in which the idea of the sender is converted using any language into, words, actions or symbols so as to make the receiver to understand the message.

### **Channel**

Channel is the media that transmits the encoded message. Normally, the encoded messages are transmitted through the media radio, T.V, telephone, letter, etc.,.

### **Decoding**

Decoding is the process that converts the coded message into a meaningful and understandable message by the receiver. The message is decoded correctly when the language used in encoding is used for decoding. If different languages are used in encoding and decoding processes, the message is distracted.

### **Receiver**

Receiver is a person who receives, decodes and understands the message sent by the sender.

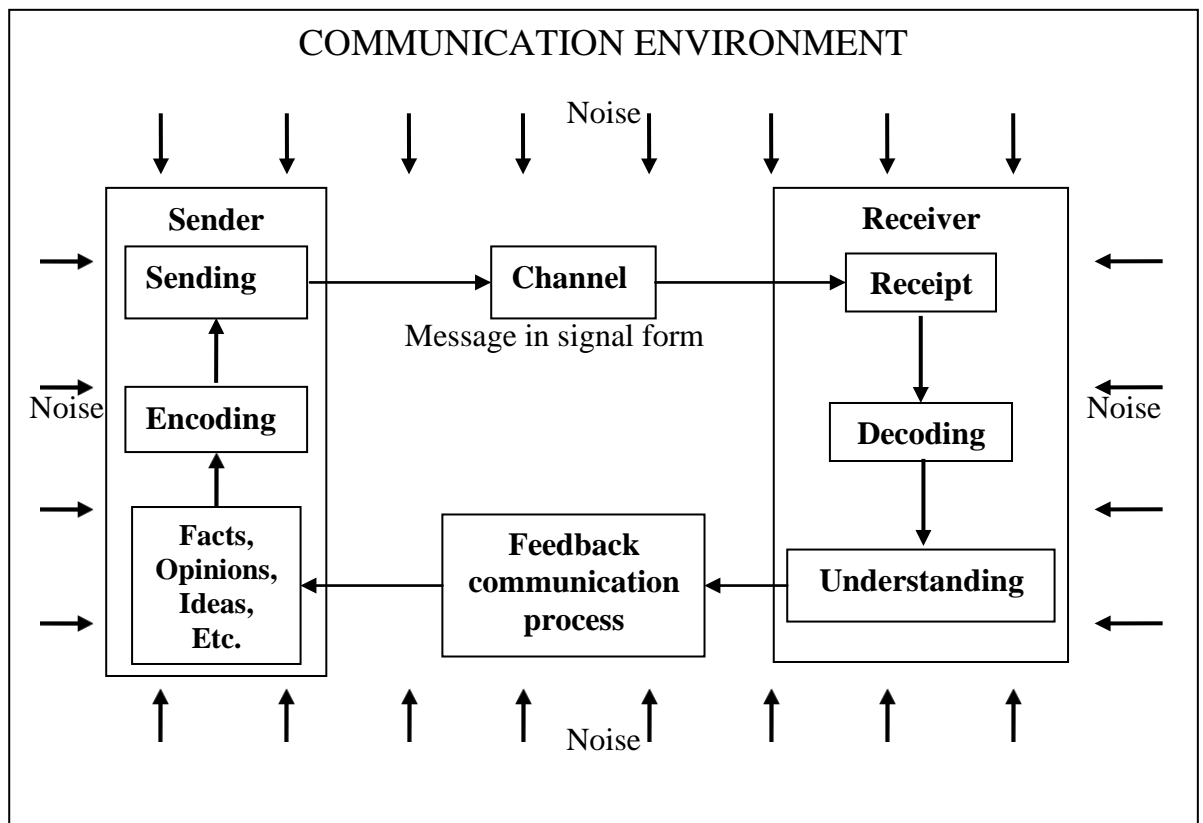
### **Feedback**

Feedback is the response of the receiver to the communication. Feedback helps the sender to know the reception and understanding of the message by the receiver. Feedback is essential as it is a barometer of effective communication. Communication process is said to be completed only when a response in the form of action or feedback is received from the recipient of the message. Otherwise, the message need to be resend or concluded that there is

no recipient or recipient is not interested. The sender, in response to the feedback, gives corrections, clarifications, or new messages. Thus the process becomes a continuous one.

### Noise

Noise is any unplanned disturbances like sound, fluctuations in electricity, distracting attractions, etc. that happened in the communication environment and affect the efficiency or effectiveness of the communication process. It may happen at any juncture of the communication process. Noise here does not mean the literal meaning of unwanted sound, but a break in the communication process.



A Comprehensive model of Communication process

Source: Essentials of Executive Communication, Publication Division, Manonmaniam Sundaranar University, 2011. Rajalingam & Ravi.

### TYPES OF COMMUNICATION

Communication may be of different categories and may be classified into different types on different bases. The common bases on which communication may be classified are

- A. Number of parties involved in communication
- B. Subject Matter / Purpose of communication
- C. Limits of reach of communication
- D. Authenticity of communication

E. Direction of communication

F. Nature of language of communication

### **A. BASED ON NUMBER OF PARTIES INVOLVED**

Communication may be classified based on the number of parties involved in the communication process.

i. Intrapersonal Communication

ii. Interpersonal Communication

iii. Group communication

#### **i) Intrapersonal Communication**

Interpersonal communication takes place within the individual. For example, the feeling of hotness in hand is sent to the brain as information and in turn, the brain instructs to take the hand away. The brain itself has many components for thinking, feeling, logical, emotional, rational, and the like.

#### **ii) Interpersonal Communication**

Interpersonal communication occurs between two persons. It is a form of one to one communication. It also may happen in oral or written or non-verbal form.

#### **iii) Intra-group Communication**

Intra-group communication happens between the members belonging to a certain group. One individual may a member in different groups depending on the context of the communication. An individual may be a member or a leader in the family, in the society, in the residential flats, in the organization, in the shop as a customer, in a bus as a traveler, and the like.

#### **iv) Intergroup Communication**

Intergroup communication happens between the members of two different groups. It may be of a communication between the members of the employee union and the representatives of the management of the company. When any individual discusses with a member of other group relating to any common matter, it is considered as inter group communication.

### **B. BASED ON SUBJECT MATTER / PURPOSE**

Communication process carries many subject matters through it. Communication may be classified depends on the subject matter of the communication as

- i. Personal communication
- ii. Official Communication

**i) Personal communication**

Personal communication is the one in which the subject matter is relevant to the person involved, either sender, or receiver, or both. It is informal in nature and follows no prescriptions or norms.

**ii) Official communication**

Official communication includes only the matters that are authorized to them to communicate. There are norms prescribed for the communication. All official communication should follow the prescribed structure.

**C. BASED ON LIMITS OF REACH**

Communication reaches to the limits as it is intended. However the expected reach for each communication differs. Communication may be divided into two types based on the reach of communication as

- i. Internal communication
- ii. External communication

**i) Internal communication**

Communication may be sent for the individuals within a group / organization / cluster. This communication flows within an organization / any organized setup is referred as internal communication.

**ii) External communication**

External communication includes all communications that transmit information from an organisation / any organised setup to any agency outside to the organisation like the government agencies, suppliers, distributors, customers, other departments authorities, etc.,.

**D. BASED ON AUTHENTICITY**

Information that flows through the channel may not be used for decision making as the authenticity is questioned. Communication may be divided into two types based on its authenticity.

- i. Formal communication
- ii. Informal communication

**i) Formal communication:**



Formal communication is directed by the structure and system of an organisation. Formal communication follows the official hierarchy and is required to do one's job. Only official matters are communicated in formal communication and should be of prescribed format and within norms. There are many restrictions for formal communication. Every individual in the organization has limitation for their communication that depends on their relative position in the organization. There is a restriction on language used, words used, tone of the words, subject matter etc.

**ii) Informal communication**

Informal communication is often referred as Grapevine communication. Informal communication is inseparable in every organization in addition to the formal communication. Informal communication breaks all hurdles or limitations in any organized setup and has no rules or formats. Informal communication may be of truth, half-truth or rumors which lacks in authenticity and cannot be believed as such. In the words of Keith Davis, 'Grapevine is more a product of situation than it is of person'.

**E. BASED ON DIRECTION**

The direction of the communication has its importance in any organized setup. There are certain communications that need to be in specific direction and other communications need not have specific direction. When the communication is direction specific, the communication may be classified into three types depending on the direction of the communication as

- i. Downward communication
  - ii. Upward communication
  - iii. Horizontal communication.
  - iv. Diagonal communication
- Vertical Communication }  
}

**i) Downward communication**

Downward communication travels, level by level, from the higher level of the structure to the lower level. Downward communication may be of oral or written. It is suitable for those organizations having a strict line of authority. Orders, instructions, policy statements, job sheets, circulars etc., are the examples of downward communication.

**ii) Upward communication**

In upward communication the information is transmitted from a person of lower position to a person of higher position. Upward communication also possesses all

characteristics of the downward communication. The upward communication helps the workers in putting their grievances, suggestions and reactions to the management. It also helps the management in achieving the desired goals.

### **Tips to improve upward communication**

To improve the upward communication, the organizations try with various methods like Open door policy, Suggestion boxes/books, get-togethers, etc.

Open door policy

Suggestion boxes / books

Get-togethers

Counseling

### **iii) Horizontal (lateral) communication**

Communication between departments or persons on the same level in the managerial hierarchy of an organization is termed as horizontal / lateral communication. Information needed for one department from other departments may be shared by the personnel of same status of different departments through horizontal communication. For example, marketing manager sending some survey reports to production manager for further action. In a decentralized organization, lateral communication plays a vital role to fill the wide gap in communication. Horizontal communication may be in the forms of oral or written communication.

### **iv) Diagonal (Cross-wise) communication**

Diagonal communication either happens in organic structure of organization or as an exception in inorganic structure of organization. Diagonal communication occurs in an organization / organized setup when an individual communicates with other individual whose position is not vertically or horizontally related with him. This form of communication flows in all directions and pass across functions and levels of an organization. For example, a sales manager communicates directly with vice president (production), who is not only in a different department but also at a higher level in the organization. The increased use of e-mail also encourages cross-wise communication. Diagonal communication is also sometimes called as radial communication.

## **F. BASED ON THE NATURE OF LANGUAGE**

Communication may also be classified based on the language used in the communication. Communication may take place in any of the forms as

- i. Verbal Communication
- ii. Non-verbal communication

**i) Verbal Communication**

Verbal communication uses combination of words in specific format. Verbal communication requires proper grammar so that the message is communicated without any flaw. Even a flaw in punctuation may change the meaning of the communication. Verbal communication may be further classified as

- a. Oral Communication
- b. Written communication

**a. Oral Communication**

Oral communication is a communication where two or more persons exchange their feelings, ideas, thoughts or any information using (voice) speech. This occurs in a situation like conversations (direct and telephone), interviews, meetings, conferences, group discussions, speeches, etc. It takes place either as face-to-face communication or using devices. When the space / gap / size of the audience are higher more efforts need to be made. Also, oral communication when flow through many levels is easily distorted.

In oral communication emotions and feelings are easily expressed and understood as well. Oral Communication is more effective in persuading others and enhances the motivation level and team spirit. The major drawback of oral communication is that it may not be easily made into permanent record.

**b. Written communication**

In written communication the message is conveyed in written form. Written communication may use paper, boards, charts, etc. Written communication becomes as records for future references and future communication. This type of communication is more authentic in nature and is a legal proof. In written communication the parties involved cannot get immediate feedback or clarification. Written communication may lead to misunderstanding when there is spelling mistakes or grammatical errors. Misinterpretation may also happen in written communication.

Written communication includes letters, circulars, notices, memos, reports, forms, manuals, or everything that is put down in writing comes under the purview of written communication.

**ii) Non-verbal Communication**

Non-verbal communication is the basic, raw and unrestricted form of communication. Although sophisticated languages and mechanics have evolved, still the use of non-verbal cues to express superiority, dependence, dislike, respect, etc. are inevitable. Non-verbal communication is referred as Body Language. It differs from verbal communication in fundamental ways. Non-verbal communication includes facial expression, gestures, postures, vocal characteristics (Like \_Um‘), touch, silence, personal appearance, etc.

Non-verbal communication is less structured, which makes it more difficult to understand by all. Non-verbal communication involves no words and it takes place through gestures, symbols, postures, etc. Non-verbal communication plays an effective role in face-to-face communication. Non-verbal communication leads to misunderstanding when parties involved are hailing from different cultures or different regions. Meanings of certain colors and certain gestures vary from culture to culture. Non-verbal communication is spontaneous, unconscious and not intended.

## **PRINCIPLES OF COMMUNICATION**

Principles of communication are the essentials that make the communication effective. Communicators should follow the principles normally referred as 10C’s of effective communication to improve the effectiveness of communication. Those are Clarity, Completeness, Conciseness, Consideration, Courtesy, Correctness, Confidence, and Cheerfulness.

### **1. Clarity**

Clarity is required to make communication understandable. Clarity in communication is attained if the idea and expression are clear.

**Clear idea:** Clear idea in the mind of the sender about the messages is a prerequisite as idea is the foundation for communication. The communicators should have a clear idea on the Objective of communication, Message to be transmitted, and Suitability of Media.

**Clarity in expression:** Unclear coding and thereby the expression may lead to misinterpretation. So, the verbal and the non-verbal forms of communication should be rightly selected while encoding the messages. Clarity in expression may be improved with Simple words, Concrete expression, Usage of definite terms than generalized statements, Placement of words in right positions, Minimized jargons, Avoidance of ambiguity, Usage of correct punctuation and the like.

### **2. COMPLETENESS:**

Incomplete information may lead to wrong decisions. It further restricts the receiver from understanding the message clearly. If there are gaps, it will leave the reader dissatisfied; it will not be of effective communication. The message should be organized in such a way that anyone who reads has no doubt anything contained in it. A complete message may give answers to questions like Who, What, Where, When, Why, Whom, How, etc.

### **3. CONCISENESS**

Communication should be done with few words, as far as possible. Unnecessary explanations or facts may distract the objective of communication. Communication should be as brief as possible. However, brevity need not be implemented at the cost of appropriateness, clarity, correctness, completeness or courtesy. The following may help in achieving proper brevity.

- i. Check and avoid unnecessary information
- ii. Avoid repeated explanation.
- iii. Organize your message well with all necessary information

### **4. CONSIDERATION**

Consideration for the receiver increases the interest of the receiver to understand the message. This can be done using ‘\_You-attitude’.

You-attitude: It is the tendency of the human beings to listen to the information if he / she are given some importance in the communication. While opposing the views of the receiver one should be careful that it does not affect the receiver’s feelings. For example, Instead of the words -You are wrong!, use -Thank you for your valuable suggestion, but we can discuss some other points too!.

### **5. COURTESY**

Everyone should be given due respect. Communication should make others to feel friendly while receiving the message. This may be attained by the following.

- a. Always respond to the previous communication
- b. Appreciate good things in everyone
- c. Thank everyone whenever possible
- d. Feel sorry for your faults
- e. Avoid unpleasant words
- f. Avoid demanding words

### **6. CORRECTNESS**

Incorrect communication may deviate the basic purpose of communication. Correctness can be attained by proving correct facts, by sending the message at the correct time, in the correct style, and in appropriate language without grammatical error.

## **7. CONFIDENCE**

Communication with confident tone will reach the receiver effectively. The confident tone will also keep the attention of the receiver to the message and increases believability. Developing confidence on the messages from the sender may increase the effectiveness.

## **8. CHEERFULNESS**

The communication that bears full of positive feelings or information is more preferred by the receivers. It is advised to avoid a pessimistic and negative approach. A friendly and convincing tone of the communication with positive thinking and optimism is to be chosen to make any communication effective.

Effective communication is the basic necessity to be successful. The principles help the communicators to improve their efficiency and effectiveness. Though it is difficult to follow all the principles in all situations, the principles need to be followed to the maximum extent possible.

## **MODERN COMMUNICATION DEVICES**

To meet the communication needs described in preceding pages, business has used the best communication technology available over the years. In the 1800s, however came major technological changes that changed the nature of business communication.

The first was the telegraph, which permitted almost instant communication among any distant places that could be connected by wire. Then came various forms of writing machines that in time developed into the typewriter. This major technological development brought about vast improvements in the quality and preparation speed of written work. Finally came the telephone, which did for oral communication much of what the telegraph had done for written communication. The rate of communication technology development accelerated in the 1900s. Message duplication techniques progressed from handwritten copies to carbon paper to mass duplication methods such as mimeograph, ditto and photocopy.

### **Word processors**

The electronic typewriter is, in a sense, a type writer with memory. Most can display what was typed before the material is printed on paper. Errors may be corrected before

printing. In addition, some of the machines automatically perform typewriting functions such as aligning rows of data, underscoring, centering and justifying right margins. And even some other machines check spelling.

In a sense the word processor is an advanced electronic typewriter with greater memory. It displays on the screen large segments of the message being formed. The operator may then review the message, give it the desired format, and edit the message before printing. In addition, the word processor can check spelling and grammar. It can also store messages internally or on magnetic tapes or disks.

### **Personal computers**

The personal computer (PC) is an electronic machine which does word processing as one of the functions with special software. PCs are used for processing words, numbers, pictures, and a many using different software. Because of the versatility of PCs and rapidly declining cost, PCs are major part of today's business communication technology. Equally significant in the development of the personal computer were advancements in software technology. Of special interest to business communicators is the development of computers, printers and software that enable them to create and publish professional appearing publications at their desk. Generally referred to as desktop publishing, this technology gives the user virtually all the flexibility of a printer in producing publications. PCs may be used to prepare a variety of customized materials in data processing, word processing, graphic, etc. Most important, the entire production task can be done at one's desk.

Another area of interest to business communicators is voice activation of the computer. *Voice activation* refers to talking with computers – having computers respond to the human voice. Data entry or computer commands can be made by voice. The communication process occurs with a person speaking and a computer listening and processing according to the instructions. Put differently, the human voice activates the computer to respond in certain ways just as keyboard would do. Voice commands, however, are easier and quicker.

Voice activated computer systems may contain two types of voice recognition equipment: those that respond only to one person's voice by having the speaker establish a working vocabulary with the computer and those that respond to a wide number of words already existing in the computer's memory. The first is called dependent system and the second is independent one. Voice activated computers have high potential for the future of

business communication. The future, however, appears bright for this exciting new technology in the practice of business communication.

### **Spelling checkers**

The spelling checkers are an integral part of the word processing program. In fact some of these programs even incorporate a thesaurus to help to choose words. Spelling checkers contain large numbers of correct word spellings. Each word in your document is tested against this dictionary. When a typed spelling does not match the word in the dictionary, it is flagged on the screen. Even the processor offers suggestions to make the correction. You must decide whether or not to change the spelling of a flagged word.

### **Punctuation and Grammar checkers**

Several programs have been developed for checking documents for punctuation and grammar. Specifically, punctuation checkers test for missing marks, although they are limited in handling certain ones, such as commas. This is understandable. The use of commas depends on many factors, one being the writer's discretion. They can check the spacing before and after punctuation marks, correctness of abbreviations, capitalization, and balance of use of quotation marks, double words and incorrectly expressed numbers. It also finds the mistake in the grammar.

### **Clear-writing analyzers**

A number of software programs can analyze your adherence to clear writing principles. These programs are designed to measure the readability of your writing. They measure sentence length and determine percentages of long words. With this information, they calculate the quantitative measure of readability. Also some programs can analyze use of active and passive voice, sentence patterns, including proportionate use of sentence types. These programs can be structured to think like you and to make the decisions you would make.

### **Availability of model letters databases**

Software is designed to have templates for various documents required for business correspondence. This includes business cards; invitation; and the like. These databases of business letters covering common situations (credit responses, collections, sales, customer relations, etc.). The required template may be referred for the specific situation. Undoubtedly, such letters can save time. Even so, such letters are likely to reflect your individual personality, which is the primary quality of a good letter. A better idea is for you to develop your own model letters, put them on disks and adapt them to specific situations.



## **Telephones**

As we have noted, the telephone was one of the early technological developments that influenced the nature of human communication. As a result of revolutionary advances, its impact persists today. Modern telephone equipment contains memorization, call waiting and other features for the electronic office. Moreover the idea of combining voice and data transmission capability using telephone technology has significant potential for business communication. Obviously, the cellular telephone has changed the business communication environment. Cellular telephones allow instantaneous communication with improved quality and quantity of information. Still, another development influencing modern business communication involves technology relating the voice and the telephone.

Technological advances have made the telephone equipment so sophisticated that it can also provide a number of services:

- Answering machine can take a message for you, in case of non-availability. The answering machine also can record up to a limited number of messages, which are different in number for different answering machines. The details of the callers and messages may be read after returning back.
- Audio conferencing permits three or more people from all over the world to carry an conversation simultaneously. This is indeed advantageous as it saves the trouble of repeating the conversation again and again to all the parties. Discussions may be taken by all members conversing in the conference call without wasting time and money when they are physically away. Obviously, for practical reasons this form of teleconferencing is limited to a relatively small number of parties.

### **Advantages**

1. It is convenient.
2. It is economical, both to buy and use.
3. It has many add on facilities.
4. Immediate feedback is possible.
5. It saves time.

### **Disadvantages**

1. It can reduce privacy.
2. They can be misused

## **Fascimile Machine**

The fax machine is a device for transmitting copies of printed / written matters through telephone lines. Photographs, artworks and illustrations can also be transmitted using fax machine. It has a keypad with all digits to dial the receiver's destination. It is necessary that the other person also has a fax machine to receive the documents. The machine in the sender side scans the pages and makes an electronic representation of the contents, compresses the data to save transmission time and then transmits the data. The receiving machine decrypts the signals and produces an exact photocopy of the original page. A fax permits quick exchange of information between offices. Mostly all fax machines have photocopy facilities and voice mail facilities, which can be activated as and when it is required.

The received fax copy contains the time, date and fax number of the sender's machine. The sender's fax machine will give a confirmation report if sent; otherwise it will report an error message. In present times, faxes can also be sent through the computer if the required software has been installed.

#### **Advantages**

1. Documents can be sent and received almost instantly.
2. Picture documents can also be sent.
3. It is relatively cost effective method of sending documents.

#### **Disadvantages**

1. Original documents can not be sent.
2. It is not confidential.
3. It is dependent on telephone connectivity.

#### **Internet and E-Mail**

Electronic mail is currently the most common form of communication for both business and personal purposes. It requires a computer system and other electronic gadgets at the sender and receiver's end. The advantage of using e-mail over other forms of communication is that, it is very cost effective.

Any document and pictures can be sent almost immediately to many people simultaneously. Once the document is received through e-mail, it can be edited on the screen itself and sent back. Thus, approvals can be got, minutes of meeting can be confirmed, and a host of other functions can be performed using e-mail.

#### **Advantages**

1. It makes information more accessible.
2. E-mail provides for faster and quicker procedures in an organization.
3. It does not waste time due society unrest.
4. It does not impose upon the users, to immediately respond.
5. If messages have to be sent to different time zones. For example from India to USA, it can be conveniently done through e-mail. We do not have to think whether the recipient will be slept or awake, in office or at home.
6. E-mails can be sent larger to larger number of people simultaneously.
7. E-mails are supposed to be highly confidential and secure.
8. E-mail messages can be easily stored and retrieved for future reference.
9. E-mail contributes to relationship building. Photos, greetings, jokes and anecdotes can be easily exchanged with minimal effort.

#### **Disadvantages**

1. It is dependent on telephone connectivity.

#### **Conferencing**

Conferencing means bringing people together for a meeting and a discussion. People used to assemble in a room and meet for a conference. Now, with the advent of technology and globalization of business, business partners spread over distant geographical locations, it is not possible for all to assemble in a particular place for a conference. Technology has come in a big way to help solve this problem. The different modes may be:

1. Conferencing through internet
2. Teleconferencing or Audio conferencing
3. Video conferencing

#### **Conferencing through internet**

An important ability of internet is to enable ongoing electronic conferences. People all over the world may meet to hear new ideas, new issues and discuss them in a group. Internet provides discussion lists or groups who are interested in a specific topic at hand. If people are interested in a particular topic, they can mutually discuss it and give their views to others who are on the list for that particular subject. Every time someone sends in a contribution of discussion point, it automatically gets distributed to all people on the list. All those who want, can respond to the new idea. It does not make demands on specific time, since it can be read and replied at leisure. One may take enough time to refer and to contribute.

#### **Teleconferencing or Audio conferencing**

If the conference is conducted via connecting all the people through telephone it is called as teleconferencing or audio conferencing. It is more productive and inexpensive. It is also called ‘the phone meeting’. It is easy to use, since most of us are familiar with using the telephone. It does not cost much and so can be done anytime. It takes only a few minutes to set up a teleconference. It can easily be carried on since telephones are there all over the world. One person starts the teleconference and keeps calling up people and adding on whomever he wants or whoever is relevant to the topic of discussion.

### **Video conferencing**

It is almost like the real meeting. Video conferencing allows people to hear and also see each other at the same time. It is fully interactive and is almost like a face to face meeting. With the advent in technology, it is possible to connect more than two locations. It brings people in eye and voice contact from all parts of the globe. However, the cost of the equipment is high and people have to go to the video conferencing location. The basic equipment used are monitor, camera, microphone, speaker, codec, and network services to connect the locations. Video conferencing may be seen in television live shows in telecasts, when the television studio tries to keep in touch with the event venue directly. For example, election reports from different constituencies.

### **Advantages**

1. It leads to more affordable conferencing if the members are scattered over the globe.
2. Expression may be understood.
3. The discussions become more meaningful than interactions over telephone.
4. Retention is better.
5. Video conferencing allows people to keep in touch more frequently at a cost lower than traveling.
6. It can be used for customer servicing.
7. It facilitates group work among distant teammates.
8. Nonverbal communication is also possible.

### **Disadvantages**

1. Initial investment is more.
2. Depends fully on machineries

Perhaps the foregoing review of the effects of electronic and digital technology suggests that the emphasis has shifted away from the basic communication methods of speaking, writing and listening. Some may argue that we are moving away from the

conventional office and into the age of automated communication. Thus, they reason that we entering the age of the paperless office – an era in which there will be no letters or reports on paper and no files.

## **STRUCTURE OR PARTS OF A BUSINESS COMMUNICATION**

Business letters are different from personal letters as they have a distinct structure and layout. The structure of a letter constitutes different parts. The parts of a letter have customary places in official letters. Business letter has some prescribed and some customized or optional parts. The writer should be familiar with these different elements and also their positioning in the letter.

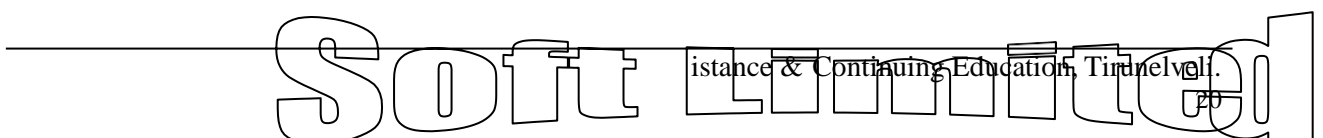
The usual parts of the letter and the customary places are listed and explained below.

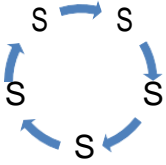
1. Header
2. Date and reference number
3. Inside address
4. Salutation
5. Body of the letter
6. Complimentary close
7. Signature
8. Reference initials
9. Enclosures
10. Copy details
11. Post script / Note behind
12. Mailing Notation (Optional)

### **1. Header**

Header of the company letter is referred as ‘letterhead’ or ‘head address’ which is normally be printed and where sender detail will be given. It contains the full details of the sender (firm or an individual), which includes name and address, logo, slogans, name and position of the sender, and other details (Phone / Fax numbers, Mail id, etc.) required to contact the firm.

A specimen Header of Soft Limited





Soft\_soft23@soft.com

137 Nethaji road  
Tirunelveli– 627 215

Phone /Fax: +91 462 2531067

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**D. M. Paneerselvam**  
**Managing Partner**

**2. Date and Reference Number**

Date and reference number are written immediately below the sender detail. These are given for the reference for the purpose of future reference and filing.

The date may be given either right or left side of the letter depends on the layout of the letter. It includes date, month and the year of the letter.

Reference number is written usually in the left side of the letter just below the sender detail, in the same line or below the date line. Reference number is used to locate the details of the actual sender and the file in which it can be referred. Reference numbers will be written normally with abbreviated letters / numbers and depends on the preference of the organization.

For example

Ref.No. MS/P/E/5

MS represents the company

P represents purchase

E represents enquiry

5 represent the serial number of the letter

But there is no hard and fast rule for writing the reference part of the letter.

**3. Inside address**

The inside address contains the name and address to whom the letter is written (the firm or the individual), below the date and reference. It is written in the left hand side of the letter.

**For Example**

The Manager / Director / Supervisor - addressing the positions of the company

M/s. Soft Limited - addressing the company

Some of the forms of the title / rank (when name of the receiver is included) may be

Mr. - For men, both married and unmarried.

Miss. - For an unmarried woman.

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Mrs.	-	For a married woman.
Ms.	-	For both married and unmarried woman.
Messrs. (M/s)	-	Plural for Mr.
Mmes. (Mesdames)	-	Plural for Mrs.
Dr.	-	For a medical practitioner / who acquired Ph.D.
Justice / Father/ Captain/ Prof. / etc Honorable / Excellency	-	For an individual occupying the position  For dignitaries

### **Attention line**

Attention line is an optional and will be given only when any particular person has to attend the letter. It can be clearly mentioned in the attention line.

### **For Example**

Attn: Mr. Devakumar, Sr. Supervisor

Attn: The Purchase Manager

### **4. Salutation**

The relationship between the sender and the receiver determines the form of salutations. The salutation is the greeting in a letter that is equivalent to that of -good morning|, -good evening| and the like in personal greetings in social interaction. General terms used are Sir, Dear Sir, Dear Mr. (if the person been addressed is personally known to the sender), Madam, Dear Madam, etc. Dear may be added only when the receiver knows the sender well. In official letters, Sir/Madam is the appropriate salutation that can be used when the sex of the receiver is not known. Dear customer, Dear subscriber, Dear member, Dear shareholder Dear student, Dear member and the like may also be used in the circular letters, sales letter, etc. Sometimes letters will be addressed as ‘To Whomsoever it may concern’ when the certificates and bonafide certificates are given for identity purposes.

### **5. Body of the letter**

Body of the letter contains the message or the information to be communicated by the sender to the receiver. This part of the letter will usually occupy the greatest amount of space. This part of the letter includes four portions.

- i. Subject and reference
- ii. Opening paragraph
- iii. Main Paragraph
- iv. Closing Paragraph

#### **i) Subject and reference**

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The major theme of the letter is given in single line in the subject that gives an idea about the contents of the letter to the reader. This helps the reader in making his mind to read the letter and to fix priority on different matters when many letters are to be considered.

Reference is useful to the sender as well as the receiver in maintaining files and to refer previous communications. Reference will be given below the subject as given in the following example.

**For Example**

Sub: Quotation – reply to enquiry – laptop – reg.

Ref: Your enquiry letter MS/P/E/5 dated 23 December 2010

**ii) Opening paragraph**

The opening sentence should arrest the attention of the reader immediately and completely to the subject matter of the letters. It should motivate the reader further.

**iii) Main Paragraph**

This paragraph contains actual message by keeping all the principles of communication in the mind. It should be brief and up to the point.

**iv) Closing paragraph**

The final words of the letter are written in such a way that the reader will be motivated towards the preferred action. The reader should not feel that he has been compelled or tempted to the preferred action. So that the closing paragraph should be natural as well as logical. The closing paragraph should be clear with the expected response from the reader for the letter. A thanking note, a closing remark, will be added to the closing paragraph, separately.

**6. Complimentary close**

The complimentary close is the one like saying –good bye! in the social interaction that expresses a smooth leave taking. For example, yours faithfully, yours truly, yours sincerely, etc. The complimentary close depends on the salutation made in the earlier stage of the letter.

Usual forms of complimentary close for different salutations are given below:

**Salutations**

Sir / Sirs / Madam / Mesdames

**Complimentary close**

Yours faithfully  
(Avoid yours very faithfully)

**Standard close for different salutations in business letter**

Dear Sir / Sirs / Madam / Mesdames

Yours truly

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**Less formal and used by intimate person**

My dear Sir / Sirs / Madam / <Name of the receiver > Yours very truly

**Other forms**

Sir / Gentle man / Madam / Mesdames  
Yours Cordially  
Yours respectfully  
(Avoid yours obediently )

**While addressing superiors in official correspondence**

Respected Sir / Sirs/ Madam / Mesdames Yours sincerely

In all the types of complimentary close ‘yours’ may be given as prefix or as suffix to the complementary close. However, ‘yours’ may be avoided in the plain letters where there are no formalities.

**7. Signature**

Signature is usually in the form of hand written that gives acceptance for the messages given in the body of the letter. However system generated letters bear no signature. Details like name, designation, organization’s name may also be included in this part, as needed.

**Legal Aspect of the Signature**

By putting the signature in any letter, the sender becomes the responsible person for messages given in it. When many persons are involved in a business and one partner’s signature who is authorized is enough to bind the firm legally.

**8. Reference initials**

To know the person who dictated the letter and who typed that letter, reference initials are given in the left side of the letter below the signature part of the letter. The first /left side component of the initials refer the dictator of the letter and second / right side component of the initials the typist. If the dictator and the writer are same and the name of the writer is given in the signature block, then typist detail alone is given in the reference initial.

**For example**

AAA/BBB or AAA:BBB

**9. Enclosures**

Letters may have to be sent with some attachments like brochures, bills, demand drafts, cheques, receipts, etc.,. Details of these attachments need to be listed under enclosures. Enclosures are normally given in the left side of the letter next to the reference initials.

**For Example**

Encls: 1. Report (5 Sheets)

2. Photos (3)

Encls: Two enclosures

**10. Copy details**

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In certain situations same message is to be sent without any change to more than one person. The details of addressees may be listed under as copies to below the enclosures. This indicates who is receiving a carbon copy or courtesy copy (cc).

For Example

cc: Mary Andrews  
Copy to Brian Adams

At times copies are sent to benefit readers other than the person who receives the original letter and the details of the recipients should not be known by the original receivers. In that occasion blind copy (bc), also known as blind courtesy copy or blind photocopier (bcc or bpc) will be sent. The details of recipients of blind copy were not written anywhere in the letter sent to the original recipients. However, the details will be recorded in the office copy for reference purposes.

#### 11. Postscripts or Note Behind

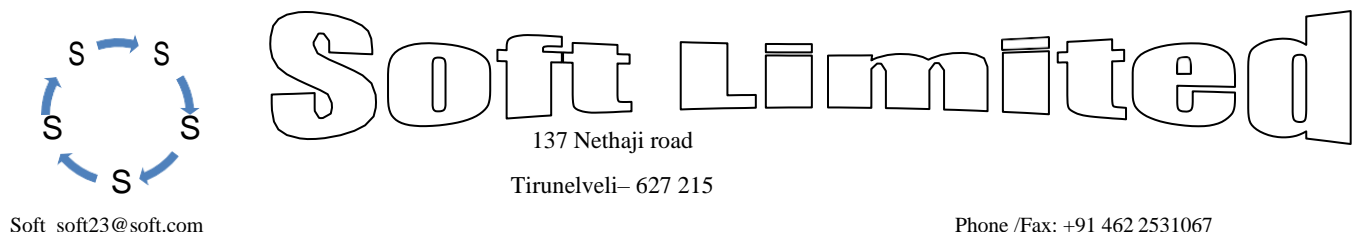
The word postscript is derived from Latin Post scriptum. Usually, it is represented by P.S. or N.B. The real meaning of postscript is written afterwards. It is useful in reminding the vital point of the message. Writer should be careful that additional messages that are not in the body of the letter should not be given as post script or note behind. Writing postscript is not normally preferred in official letters.

#### 12. Mailing Notation

This is placed either at the bottom of the letter or at the top of the letter above the inside address. Mailing notations such as BY REGISTERED POST, BY COURIER, BY SPEED POST, etc. may be given in capital letters. In addition, the same notation will appear on the envelope also.

#### Sample letter format

A sample letter format showing the components is given below.



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**D. M. Paneerselvam**  
**Managing Partner**

Date :

Ref No.

To

Dear sir,

---

Sub:

Ref:

[body of the letter]

Yours faithfully,

Director-Production

JLH/NPR (reference Initials)

Encl: 4 sheets

Copy to       1.  
                  2.

BY SPEED POST

**Unit II**

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## **KINDS OF BUSINESS LETTER**

There are a number of occasions that necessitates a business letter. These can be classified into trade enquiries and replies, orders, trade reference and status enquiries, complaints and adjustments, collection letters, circular letters, and sales letters. The contents of every kind of letter are discussed separately. However the overall outline of each type of letter is listed in the table 2.1.

Table: 2.1 showing different purposes of a business letter

TYPE OF LETTER	PURPOSE
Enquiries	To enquire about the product features, pricing, offers, etc
Replies to enquiry	To provide quotations, details of the product, conditions for transaction, etc.
Credit enquiry	To enquire or request for a loan
Orders	To place the order for the supply of the product
Trade / bank reference Enquiry	To ask for reference detail of a firm / bank before granting credit
Reply to reference enquiry	To provide details of references (either a firm or a bank)
Reference enquiry	To ask about the applicant of credit / loan with the referee
Reply to reference enquiry	To recommend / warn / advice to deny the request of the applicant for credit / loan
Complaints	To inform the supplier about the defect of the transaction
Adjustments	Counteroffer of the supplier to compensate the defect in the transaction
Sales	To promote the sales of the product
Collection	To collect past due accounts
Fund raising	To ask for donation

Among many kinds of business letters only enquiries, referencing, and sales letters are discussed in this unit.

## **TRADE ENQUIRIES AND REPLIES**

### **Trade Enquiries**

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Trade enquiries are made whenever the buyer needs goods. Before placing orders the buyer make an enquiry. Until a customer knows what is available, the customer will not be able to place an appropriate order. Through the enquiry letters, the buyer tries to collect information regarding the product specification, quality of the product, price of the product, conditions for purchase, payment details, etc., So, Trade enquiry can be understood as request for relevant information while taking any purchase decisions.

Buyers write different kinds of enquiry letters that depend on the situation. Majorly the enquiry letters are categorized as solicited enquiry and unsolicited enquiry. Buyer may make an enquiry based on the communication of the seller, like advertisement, which is referred as solicited enquiry. Sometimes buyers may make enquiry on their own initiation which is referred as unsolicited enquiries.

The following important points are to be kept in mind while drafting enquiry letters.

1. Inform the objective of the letters clearly to get a proper response.
2. Letter should be straightforward and compact and be brief, complete and correct.
3. Write in positive and confident tone.
4. Avoid repetition.
5. Ask all necessary information (Pricelist, catalogue, etc.,) without any hesitation.
6. Give a clear and understandable picture about your organization.
7. State the reason for claiming concessions, credit schemes, and discount offers, if any.
8. Ask for samples or trials, if needed.
9. Ask for delivery and packing details.
10. Specify the possible quantity of purchase of the products.

Opening paragraph of the enquiry letter should contain the details regarding the sender's company, in brief and how the sender comes to know about the seller in this regard.

The main paragraph includes actual message that enquires about the needed details. In the closing paragraph, the buyer requests the seller to answer his enquiries with due interest within certain date limit. Enquiry is of two types namely, routine enquiry and special enquiry.

Routine enquiry is made by an existing buyer and / or old customer in the normal course of business. Special enquiry can be regarding something which does not form part of routine trade or by a new prospect. Sometimes, special enquiry may be of from the regular buyer for a different favor.

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### **Enquiry for special favors**

Sometimes the buyer may need a special favor from the supplier like discounts, special concession, free gift packing, free delivery to a nearby location, interest free credit time to pay, extra benefits, free samples, and the like. In such cases, the buyer has to substantiate the profitability of the supplier which may be gained either by increased sales or free publicity. The letters should be of extra courteous and endowed with the 'you' attitude.

### **Replies**

Reply is a letter written by the seller in responding to the enquiry made by the prospect. Every enquiry should be answered promptly by providing all information that will assist the enquirer in every respect. If he feels that he will not be able to supply the goods or render any services, he should still make the effort to answer the enquiry promptly. This will also improve the reputation in the market and create image to appear more professional.

When the seller can supply, the reply will be attached the details whatever necessary for the prospective buyer. Enclosures like quotation, catalogue, terms and conditions (credit, payment, discount, delivery, etc.), demo copies, order form, special coupons, etc., are sent along with the reply letter. Reply letter should not leave any enquired information unanswered. Replies to the enquiries should stimulate the enquirer to make the purchase.

It must be clearly understood that, first enquiries are different from routine enquiries. In fact, if the reply is really good and well written, it can also do the job of a salesman. It can convince the buyer to buy.

Important points to be mentioned in the reply letter are

1. Thank the enquirer for his enquiry
  2. Give answer to the enquiry by referring date and reference number of the enquiry letter
  3. Provide all information requested like product, price, terms, etc.,
  4. Try to sell your special products and services.
  5. If any offer has been announced, specify the duration of the validity period, payment terms clearly
  6. It is advisable to enclose brochures, pricelist, catalogue, samples, etc., with the letter.
  7. Ask for appointment for the customer's convenient time for demonstration, if needed
  8. Express your readiness to serve the enquirer.
  9. Utilize the opportunity to promote other products of your company.
-

Replies need to resemble a sales letter along with the details requested which means even additional details regarding all offers may be said in the reply letter. The seller might have launched a new product or service, which might interest the existing buyer or an enquirer of some other product.

### **Substitute Offers**

When the requested goods are not available, the company can offer a close substitute. The supplier must understand the needs of the buyer and then offer a substitute, only if the substitute may fulfill the needs. For example 21 inches Television instead of 19 inches Television. Substitute offers are not given just for the sake of retaining the customer. The customer will get irritated when receives irrelevant substitute offers. However, substitute offer is only to satisfy the short term need. Proper business strategy indicates that the long term objective must superimpose the short term benefits.

### **OFFERS AND QUOTATIONS**

Offer is the terms and conditions for sale that a seller is ready to provide to the buyer. It can be of general or specific. In the case of general offer, it is voluntarily framed and announced to the prospects without knowing the actual expectations of the prospect. But the specific offer is one, which is framed and announced to the prospect who enquired on this regard. It is also called as quotation. This quotation is meant for that particular prospect only.

On receipt of a request for a quotation, we have to respond with a firm offer. If the offer has any validity period, then it is referred as firm offer. Normally all interested suppliers / service providers send quotation. Quotations normally will be of standard pattern. The quotation may be in the form of table to increase the clarity. Firm offer is given when the market is highly volatile, specifically when the prices are increasing. The firm's offer letter must state the reason why they are making a firm offer only for a limited period only. A quotation details about prices of the specific goods desired, terms of payment, conditions of delivery, etc. There should not be any hidden costs that cause inconvenience to the buyer at a later date. In some offer, the price and other conditions are liable to change depending on the environmental factors at the time of purchase. This kind of offer is referred as offer without engagement.

The buyer used to go through all quotations and select the best that fits the requirements. It is not necessary that the cheapest quotation is the best. It is necessary to go through all the details about the quality offered, time estimated to complete the job, etc. So, the quotation should try and convince the buyer on the benefits of accepting the offer.

---

Important points to be mentioned in the offers and quotations are

1. Thank the enquirer for considering for enquiry
2. Specification of the product (quality, weight, technical details, etc.,)
3. Price ( number of units, trade discount, cash discount, etc.,)
4. Payment details (cheque, DD, cash, credit, etc.,)
5. Transport and delivery details (mode of transport, place of delivery, time of delivery, conditions, etc.,)
6. Special conditions and other offer details (validity period, coupons, etc.,)

### **Terms used in Quotations**

Sellers used to give some terms and conditions in the offer to protect themselves from undue claims. Some of the terms and conditions are given below.

- 1. Cash with Order (C.W.O.):** Cash should be paid along with the order.
  - 2. “As is where is basis”:** Price quoted is for the commodity wherever it is lying and in whatever condition it is lying.
  - 3. Ex-Warehouse:** Price of the goods at the warehouse of the seller. The cost of transportation of goods to the buyers' place should be borne by the buyer.
  - 4. At Station:** This price includes the cost of goods and the charges for transporting them to the station named. All other charges like loading and freight must be paid by the buyer.
  - 5. Loco:** It is nearly equivalent to Ex-warehouse. But, in this the cost may or may not include the cost of packing. If extra charge has to be paid for packing, it is better to specify it in the quotation.
- For example: -Loco. Tiruchendur factory, packing extral.
- 6. Free on Rail (F.O.R):** Price of goods and the charges up to loading the goods into wagons are payable by the seller.
  - 7. Free on Board (F.O.B):** Price of the goods and all charges for placing the goods on board of the steamer.
  - 8. Carriage Forward (Carr. Fwd.):** Like F.O.R, the cost of transportation of the goods has to be paid by the buyer.
  - 9. Carriage Paid (Carr. Pd):** In this, the seller is responsible for transportation of goods to the buyer's address or to the station nearest to the buyer.

For example:                    -carriage paid to Tirunelveli Stationl.

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**10. Cost Insurance and Freight (C.I.F.):** Price quoted includes the cost of the goods, insurance and freight charges up to the destination station or port.

**11. C O D ( CASH ON DELILVERY)**

Cash should be paid on the time of delivery. If the goods are delivered through post, it is referred as V.P.P.

**12. Prompt Cash.** Cash should be paid within 2 or 3 days after receiving the product. In this period, buyer can verify the product with invoice.

**13. Net Cash.** Cash to be paid as the net payable amount with specified time limit

For exmple :                    -Net cash within 15 daysl.

**14. 5 Per cent 10 Days**

5 per cent of discount will be given to the buyer on the invoice if payment is made within 10 days.

**15. Guarantee**

It is an undertaking given by manufacturer on quality and service conditions of the product for a specified period.

**ORDERS AND THEIR EXCUTION**

**Orders**

Order is a letter sent by the buyer to seek the seller on required goods on specific terms and conditions. Orders are placed after choosing the best among the quotations from different sellers. The order letters are by and large standardized letters. In regular purchases or due to urgency, order may be directly placed to the sellers chosen based on earlier experience or on heuristic thinking. Regular orders may be sent orally, but it is always advisable to follow with a written order. The contents are tabulated, if possible. Since order is a written commitment given to the seller sufficient care should be taken in writing the order letter. Incomplete letters and unqualified assumptions may require clarification and consumes time and execution will get delayed.

Important points to be noted in the order letter are

1. Thank for the quotation
  2. Specification of the product
  3. Quality of the product
  4. Quantity of the product
  5. Packing conditions
  6. Delivery conditions
-

## 7. Mode of payment

### **Order forms**

The companies that make orders regularly and frequently use a blank, called as order form. An order form is a pre-printed format kept ready to be filled up. The order form is of normal letter having blanks to fill limited details like product specification, quantity, quality, delivery date, mode of payment and the like. The person placing the order fills up all the necessary particulars. The order forms save time and energy and facilitate quick processing. Order forms ensure that no detail is left out while placing an order. However, they are quite monotonous and an additional covering letter is required in case any special information that is not included in the order form.

### **Execution of orders**

Every order has to be acknowledged by the seller. This acknowledgement letter should include the statement expressing gratitude and details regarding the execution of the order.

While acknowledging, the seller need to clarify some vague statements of the buyer. The unacceptable expectation of the buyer in the order needs to be clearly communicated as unacceptable in the reply letter. The seller replies to the order letters in different ways, depends on the situation. They are discussed below.

#### **Acceptance and immediate execution**

When there is a possibility of executing the order immediately, the seller should alert the buyer to prepare himself for payment and other needed arrangement to receive the delivered goods.

In this letter, the following points should be mentioned.

1. Goods going to be delivered (Specification, quality, quantity, size, etc.,)
2. Price of the goods
3. Date and time of delivery
4. Mode and place of delivery
5. Payment terms

#### **Acceptance but delay in execution**

Due to scarcity of goods, many orders in hand, or expected change in the market, the seller may have difficulties in executing the order immediately. These difficulties may lead to delays in execution of the order which need to be informed to the buyer.

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Irrespective of the reason, a valid, acceptable, and satisfactory reason should be mentioned in the letter informing the inconvenience that the seller facing in executing the order. The seller also has to provide details regarding the earliest possible date on which the order may be executed.

The buyer has every right to either accept or reject the delayed execution. So, it is better to get acceptance from the buyer before executing it on a later date.

### **Defective orders**

The sellers may sometimes receive a order that may not have sufficient information. This necessitates the seller to get proper clarification from the buyer. Without understanding the buyers' expectations clearly, the seller should not execute the order.

### **Rejection of order**

Order letter is a written commitment by the buyer, but it will not bind the seller. Order letter cannot command the seller to execute it as that of the orders of downward communication in official communication. It is not a compulsion that the seller should satisfy the needs of the buyer. Sellers have the right either execute or reject the order. Even the rejection of order should also be communicated to the buyer with or without stating the reasons. The possible reasons for rejecting an order may be

1. Non-availability of ordered goods
2. The order is beyond the scope of the sellers' business concern.
3. The seller feels it as non-profitable
4. The buyer has excess due
5. The order is not properly signed by the authorized official.
6. Terms and conditions are not of convincing.

### **STATUS ENQUIRY**

Credit transaction in business is an inevitable common phenomenon. However it is the right of the seller either to grant or not the credit to the buyer. In normal course of time, the seller tries to know about the buyer on different fronts before granting credit to the buyer. If the trader feels it as no risk or less riskier, he may sanction credit even without the status enquiry. In other occasions the trader has to follow the procedure of analyzing the credit worthiness before sanctioning credit.

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For evolving an effective system of credit transaction, they should follow certain steps as listed below.

- i. Knowing the expectation of the credit applicant.
- ii. Analysing the credit worthiness of the credit applicant
- iii. Granting or refusing credit

**i) Knowing the expectation**

No business concern sanctions credit to the buyer without knowing the credit worthiness of the buyer. Enquiring about the buyer without informing him/her may create friction between the seller and the buyer. To manage the situation, the sellers request some reference points from the buyer to enquire about the buyer. Information that is needed to decide on the credit worthiness of the buyer can be obtained through the references given by the buyer. References may be inquired from other traders, called trade references, or with the bank, called bank reference.

**ii) Analysing the credit worthiness**

The following details are collected by the seller to analyse the credit worthiness of the buyer, normally referred as 4Cs of credit worthiness of the buyer.

- a. Character
- b. Capacity
- c. Capital invested in the business
- d. Condition of the business

**a. Character of the buyer**

By knowing the character of the buyer, the seller may understand the values system of the buyer that includes honesty, reputation, reliability, moral conduct, etc.

**b. Capacity of the buyer**

Though it is difficult to assure on the performance of any business concern, the seller may link the experience with resourcefulness and to evaluate the buyer's capacity to run the business.

**c. Capital invested in the business**

The capital amount invested in any business may also help the seller to access the liquidity conditions and the capability of the buyer in generating funds. In accessing the capital invested in the business, the buyer considers tangible assets, market value, assets to liability ratio and the like.

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#### **d. Condition of the business**

Condition of business is assessed by the number of customers and the turnover of the business. Sellers won't sanction much credit to the business concerns performing poorly. The information needed for the credit analysis, may be obtained through information sources which may be internal or external.

#### **Sources of Information**

##### **Internal sources**

Credit applicant may be the customer of the same concern or a new customer. When the applicant is an existing customer, internal records relating to the earlier dealings are sufficient to appraise the applicant. The sales personnel of the sellers may also be a source for providing information regarding the credit applicant.

##### **External sources**

New customers' information regarding the credit worthiness may be obtained through the external sources like trade association, chambers of commerce, enquiry agencies, banks of the applicant, etc. External references mostly may be suggested by the credit applicant as requested by the seller. Applicant suggests some traders (trade reference) or banks (bank reference) that may have information regarding the applicant and may give more valuable information to the seller. All communications relating to the reference matters will be kept confidential.

##### **Trade Reference**

Trade references are the other traders who have dealings with the credit applicant and provide information about the credit applicant.

##### **Bank References**

Like trade reference, banks where the applicant keeps regular transaction also help in providing details to analyse the credit worthiness of the credit applicant.

##### **Reports of the credit applicant**

The reports prepared by the applicant for various reasons - financial statements, sales reports, market share analysis and the like, may also help the seller in assessing credit applicant. Sometimes, the credit applicant may be interviewed by the seller.

#### **Making Status Enquiry**

Status enquiry will be sent to the referees by the seller to collect information about the credit applicant. The seller tries to collect all necessary information from the referees to

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analyse the credit worthiness of the credit applicant. Since it is the service that the referee provides information about the credit applicant, the seller should request the referee for information. The enquiry may be of general or specific. While drafting the status enquiry letter, the purpose should be clearly mentioned to the referee with all needed details. It is also informed in the enquiry that the matters should be treated as confidential.

Important points to be noted in the status enquiry letter are

1. How long the referee know the credit applicant
2. What kind of transaction the credit applicant has with the referee
3. Credit limit expected by the credit applicant

### **Reply to Status Enquiry**

Reply to the status enquiry is not a mandatory requirement for the referees. The reply from the referee may include suggestions or recommendations either to grant or not. The seller should take the words in the reply letter as genuine. However the referee should not give any biased reference for or against the credit applicant. The referee may reply to the status enquiry in three different ways as favourable, rather unfavourable, or unfavourable.

#### **Favourable reply**

Since the referee is suggested by the buyer most of the times the seller receives a favourable reply. A favourable reply of the referee doesn't have any binding on the referee for the credit amount, if sanctioned to the credit applicant.

A favourable reply may be written keeping the following things in mind

1. Expression of satisfaction about the dealings of the credit applicant in question.
2. Quantum of transaction, transactions in cash or credit. In case of credit transaction, the granted credit amount and the period of credit need to be mentioned.
3. Recent developments/downfalls of the credit applicant's business
4. Promptness of the credit applicant in settling credits
5. Mention important occasions that are useful in accessing the credit applicant's worthiness

#### **Rather unfavourable reply**

Referees may give a rather unfavourable reply when they cannot surely recommend credit for the applicant. The referee may include the following in the reply letter.

1. Precautionary steps in granting credit
-

2. Problems faced by the referee in recovering the credit.
3. Important financial statements of the credit applicant
4. The amount sanctioned earlier and the credit system
5. Interesting experiences in collecting credit.
6. Should not recommend any credit system
7. Recent challenges in failures the business of credit applicant
8. Good qualities of the credit applicant

### **Unfavourable reply**

Rather unfavourable reply gives only cautionary note but unfavourable reply gives a negative note and recommends not to sanction credit.

- Bad experiences of the referee should be explained clearly with necessary details.
- Occasions when the credit applicant failed in keeping his words.
- Poor financial statements of the credit applicant
- Unfavourable trend in the business.
- The amount sanctioned earlier and the credit system
- Problems faced by the referee in recovering the credit.
- Recent failures of the credit applicant in fulfilling credit commitments

### **iii) Granting / Refusing Credit**

Credit transaction normally encourage the customer to place regular orders. It is usually granted to a regular customer and to the new customer for whom the referee has given a favourable reply. Credit may be for partial payment or for the entire invoice amount. Sellers may also request for some securities from the buyer like post dated cheques, bonds, etc. The sellers may request for additional references from the buyer when referees give rather unfavourable reply. Each kind of credit needs a different kind of credit system.

Sellers normally deny credit for the buyers when the referees have given a unfavourable reply or rather unfavourable reply. Change in the policy of the seller may also be a reason for designing credit transaction. Refusing credit does not mean that the customer should not be entertained or well manner. Refusing credit should be done in a diplomatic way.

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## **SALES LETTER**

A sales letter is a piece of direct mail which is designed to persuade the reader to purchase a particular product or service in the absence of a salesman.

### **Objectives**

- To get the attention of prospective clients
- To generate interest in your product
- To generate a call to action
- To promote the sales of a product, a service or an idea
- To introduce new goods in inexpensive, effective, and quick manner in a wider area
- To introduce the salesman to the prospects before the salesman approaches

### **Advantages**

1. Repeated appearance of a sales letter has the effect of a reminder.
2. Customer can refer to the document whenever there is a need for the product or the service of a firm.
3. Helps in better understanding of products and services.
4. Cheaper means of keeping more customers constantly in touch with the company and its products and services.
5. Customer may read at their free time that improves understanding and shall wait until the reader reads it completely
6. Reaches the prospects who the salesman cannot reach.
7. Substitutes the salesman and other forms of advertising.

### **3Ps of Sales Letter**

When writing a sales letter it is important the focus on objective should not get deviated. To keep the letter intact usually the writers keep 3Ps in their mind. Those are Personal, Persuasive, and Precise.

#### **Personal**

Sales letter should be written such that the prospect is familiar. Greetings like "Dear friend," Dear Reader, etc. may be used to make the reader feels comfortable. Have some sentences to show that readers' expectations are addressed in the letter. Have it in mind that the letter never loses YOU attitude.

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**Persuasive**

The letter should make the reader to think of buying or at least considering the proposed product on thinking of the satisfier for his/her need. Emphasize should be given to the benefits and not to the features.

**Precise**

Letter should address the matter very precisely without creating confusion. If any stories are said, it should be appropriate to the reader to understand / estimate the benefit that the reader may get out of a favourable decision.

**Point to be kept in mind**

1. You attitude
  2. Needs of the customer
  3. Logical writing
  4. Indirect persuasive statements
  5. Factual and error free sentences
-

### **Unit III**

#### **COLLECTION LETTER**

Collection letters are sent to the buyer who had credit transaction. It can be considered a follow up activity to the sanctioned credit. It is usually sent by the collection department to remind the debtor about the due amount and due date. It is sent to all creditors irrespective of the regularity in paying installments.

While drafting the collection letter, the following points should be remembered.

1. Collection letter should not make the debtor feel bad.
2. Use ‘\_You attitude’
3. Indicate the due amount and date
4. Use friendly and cheerful words
5. Express your consideration for the customer, wherever possible
6. Little bit of tact should be used to persuade the customer for proper payment

#### **Collection Series**

Collections letters are normally sent to all debtors to remind the due date. Collection letters are written in different stages of collection. Collection letter differ in its tone depending upon the number of the earlier letters and response of the debtor to the letter. These follow up letters from the time of sanctioning credit are referred as collection series. There is no standard procedure to this collection series. In normal course of action, the collection series includes different stages as listed below.

- a. Statement of account
- b. Reminders
- c. Enquiry and discussion
- d. Appeal and urgency
- e. Demand and warning

#### **a. Statement of account**

The collection process begins from the time of sanctioning credit to the customer. The letter in the first stage contains only the statement of accounts. Some sentences that influence the buyer to make the payment on the due date can also be added.

#### **b. Reminders**

When the debtor fails to pay the due on date, the seller will send a letter to just remind the due in balance. Normally two reminders will be sent to the debtors.

The following points should be kept in mind while drafting the first reminder letter.

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1. Annex Statement of accounts with an indication that it is already had sent
2. Request the debtor to make the payment at the earliest
3. Use polite and friendly tone in the letter.
4. Reason out the nonpayment due to other important / busy business activities
5. Request the debtor not to consider this letter, if the payment had been made already.

When the debtor has not responded, write the second reminder in tough tone but without any offending words. Mention that you have already sent a reminder to him which the debtor might not have seen.

**c. Enquiry and discussion stage**

When there is no reply or response from the debtor for the reminders, it is understood as some problem in debtor's side. The seller has to write the letter to enquire the reason for the failure of payment. The following points should be mentioned in the enquiry letter.

1. Due amount
2. The duration for which the amount has been due
3. The number of remainders sent
4. Offer the debtor a chance to discuss the problem in making the payment
5. Say that you are ready to help the debtor in solving the problem, if possible
6. Ask the debtor to either draft a letter or pay a visit to your premises

**d. Appeal and urgently stage**

In the absence of any reply to the enquiry letter, it is understood that the debtor is not willing in making the payment. At this stage the seller appeal the debtor to make the payment at the earliest. The following points should be included in the letter.

1. Due amount
2. Duration of pending
3. Earlier reminders
4. Make it clear that everyone is in need of money for some purpose or rather
5. Explain the importance of credit in business and why it should not be misused
6. Refer to the conditions stated in the credit system

**e. Demand and warning stage**

The seller started deviating from 'customer is more important than collecting the amount in due' to 'collecting the due is more important than retaining the debtor'. In this stage, a final due date will be given by the seller for the payment. The debtor will also be

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given a warning that failure of payment within the mentioned date may lead to legal proceedings.

The seller may commence legal action against the debtor when there is no response from the debtor.

There is every possibility that the debtor may respond to the communication send by the seller. By being in the point of view of the debtor / buyer some explanation for the delay may be given which is called as customer explanation letter.

### **Customer Explanation**

It need not be assumed that the debtor always tries to cheat the credit amount in due. As a customer, the debtor may have any of the following as a possible reason for nonpayment of the due. In such cases, the debtor may draft a letter to the seller to explain the reasons for failure of payment.

1. Forget in busy schedule
2. Defects in the goods and complaint is launched
3. Defects in transaction like delayed delivery, wrong invoicing, etc.
4. Not yet compensated for the complaint
5. Disrespect in the sellers place

While writing this kind of letter to the seller the debtor has to mention the following points.

1. Acknowledge the collection
2. Apologies for delay / State the reason for the delay when there is any mistake in seller's side
3. Difficulties that lead for the delay in payment
4. Make a part payment with this letter, if possible
5. Give assurance non repetition of delay
6. Request for favour like extended time limit and discounts, if possible.

### **Replies to Explanation**

Whenever a debtor sends a letter of explanation, it is assumed that the debtor is really interested in making the payment and at present he is unable to make the payment. This kind of debtors should be dealt carefully. When the debtor responded to any stage of the collection series, the seller should acknowledge and send a reply to the explanation. The points that should be mentioned in the reply letter to the explanation letter are listed below.

---

1. Thank the debtor for responding to the collection letter
2. Statement of accepting the reason stated
3. Express the sympathy for the a customer's difficulties
4. Express the difficulties faced by you due to the non-payment of dues
5. Request the debtor to make the payment in the extended due date
6. Make some offers, if possible and needed

## **COMPLAINTS AND ADJUSTMENTS**

Satisfied customers may act as strategic partners for any organisation. The words of customer always have more impact than any form of promotion measures. The success of any business depends on the satisfaction of the customers. When the customer finds something wrong with the goods or devices, his confidence gets shaken; the reply must be geared to restore his confidence. It is important for the company to know whether the customers are satisfied or not. Because many customers, on dissatisfaction, just stop transacting rather complaining. Seller takes many efforts to satisfy the customer, by minimizing the inconveniences. However, it is not possible to eradicate inconveniences as the expectation of the customers may higher than the offer of the seller. These inconveniences that lead to dissatisfaction may be conveyed to the seller through a complaint letter. The seller attempts to compensate by the buyer, if needed.

### **Complaints**

All business concerns may encounter some mistakes, accidently as many people are involved in executing and processing an order. Mistakes may be done by the customer or by the supplier. Customers feel the inconveniences when there may be damages in delivered goods; incomplete execution of the order; differences in the specification of the ordered and delivered goods; delayed delivery; and mistakes in accounting. The probability of mistake goes higher as the number of people in the transaction chain increase. In fact, all the employees, not only the marketing and customer service departments must be trained to be sympathetic to customers. Presently, there is an increase in customer awareness about their demands and needs and legislations to protect their rights. Hence it is even more important to address customer complaints amicably, so that they do not spread a bad word about the seller. A company's bad reputation and careless attitude can be suicidal to the business. In present times, of growing competition it is mandatory to ensure customer satisfaction and prompt attention to any dissatisfaction. Mistake may happen due to

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1. Miscomprehension of the order
2. Poor quality of the finished goods and raw material used
3. Wrong size, color, design, billing, etc.
4. Inappropriate production process
5. Arrival of duplicate bills, even after payment is made
6. Discourtesy from the staff

Lodging a complaint requires a special care. It should be done very carefully, with tact. In the case of a supplier making a mistake, the buyer may claim for correction or adjustment. When the oral complaint is lodged, it is usually to send a letter following to it. The customer while writing a complaint letter needs to mention the following points.

1. Reference should be made to the date of the order and the order number.
2. The actual thing that caused inconveniences in calm tone
3. Nothing should be left to imagination.
4. Exact facts and figures
5. Inconveniences in terms of financial, physical, and psychological.
6. Anticipated / actual loss due to the inconveniences with calculations, if needed.
7. Be definite in the expected alternative compensations.
8. Be firm about the need for fast redresses of the problem.

### **Adjustments**

Goodwill can be created by prompt and genuine attention to customer complaints. In response to the complaint, the seller may offer adjustments as remedial measures to pacify and / or satisfy the customers. When complaints rose the seller should address to the best ability to rectify the defects. The supplier should promptly solve the complaints and take the opportunity to get close to the customer. At the end, the supplier should ensure the satisfaction of the buyer or customer. Depending upon the reason for the actual inconvenience, the seller may or may not take efforts to compensate the inconvenience. Sellers normally treat the complaint letter as opportunities to satisfy and retain the customer. So, irrespective of the reason for the complaint, every complaint letter should be acknowledged promptly. All the adjustments policies has to be framed focusing on the customer. However, a company should not lose continuously in the process of making adjustments. The seller may decide anyone of the following and communicate it to the buyer.

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### **Adjustment policy**

All complaints cannot be compensated when the complaint is genuine, the seller attempts to compensate it. However, compensation cannot be as expected by the customer, due to many reasons. The seller may feel that it will be profitable to lose the customer in the long run than of compensating and retaining. However, the seller should also consider legal aspects of the complaint before neglecting it. In handling the complaints the seller may follow either one of the policies as listed below.

#### **Customer is always right**

The seller always believe that

1. The customer is always reliable and realistic.
2. The customers make genuine claims
3. Retaining the customer is more important than the cost lost in granting compensation

#### **Calculated compensation**

The seller believes the customers. At the same time, the seller wish to have a check over the customer complaints.

1. The seller verify the fairness of the complaints
2. The seller calculate the amount of compensation for the inconvenience based on their policies
3. The seller calculate the cost and benefit of retaining the customer

#### **Buyer beware**

The seller does not believe the customer. The seller consider the buyer as least important. Normally, the seller will not entertain any complaints of the customer. They consider the customers as mere exploiters.

### **Possible adjustments**

Though the customer make claim against the inconvenience, the seller may negotiate or offer other adjustment to the customers. The seller may follow either of the said policies. If seller follows first or second policies, then adjustments will be offered by the seller. However when the seller follows the third policy, the seller just neglect the complaint. The seller may compensate the customers by choosing either one of the adjustment or combination of the adjustments from the following.

1. Monetary compensation
  2. Replacement of goods
-

3. Offers in future transactions
4. Offer discounts
5. Offer more credit period

When the seller offer adjustment depending upon the nature of the complaint, the seller should write a reply to complaint letter which has the following points

1. Thank the customer for offering you an opportunity to serve
2. The adjustment letter must express regret for the inconvenience that the buyer has had to undergo.
3. The proper reason has to be properly explained and try to convince the buyer
4. Assure the customer for proper and feasible remedial measure
5. Request the customer to continue business transaction
6. Do not jump to a defensive immediately, whatever it is, understand the problem and respond.
7. Be sympathetic for the inconvenience caused to your customer and for the loss the customer has to incur, in terms of money or time or energy. The good beginning will make everything easy.

In addition to the common points, many other points as listed below have to be mentioned in the reply letter depending on the correctness of the complaint.

**When Customer's complaint is reasonable**

1. Feel sorry for the mistakes
2. Assure that the problem will not arise in the future
3. Avoid unnecessary explanations
4. Details of adjustment granted

**When Customer's complaint is not reasonable**

1. Explain the case and try to pacify the customer
  2. Assure reasonable compensation, though it is not your mistake
  3. Express the inability to make adjustments as claimed politely and not as a matter of right
  4. Gradually make the customer to think from being in your place
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## **REPORTS**

The word report is derived from the Latin reportare – ‘to bring back’. Over a period of time, it has evolved to mean that the gathered information is unbiased and evidence based. A report is a logical presentation of facts and information. It is the basic tool on which decisions can be arrived. The information presented in the report is needed to evaluate progress and plan future action. Reports provide feedback to organization to guide future courses of action.

Every executive has to prepare and send reports, periodically and regularly. For example, the manager of a bank sends a periodic report to the immediate higher official on the status of deposits, loans, advances, etc. during a period. A foreman, at the end of the day, reports to the manager on the progress of the work carried out in his supervision. Thus reports become part of our lives. Starting from school reports to news reports on television and radio there are many kinds of reports we are required to submit in the course of our work. Often government sets up committees and commissions to report on various issues of social, political, and economic importance.

A report can be the description of an event by a person who witnessed it to others who were not present on the scene. In short a report is usually a piece of factual writing, based on evidence, containing organized information on a particular topic and/or analysis of that particular topic. It is formal in nature and is written for a specific purpose and audience. It discusses the topic in depth and contains conclusions and recommendations if required.

The purposes for which reports are written vary widely. Given below are some important purposes of reports:

- To record an experiment (Primary research report/laboratory report)
  - To present a record of accomplished work (Project report)
  - To record research findings or technical specifications (details of new product)
  - To document schedules, timetables, etc.(a report on a long term plan)
  - To document current status (an inspection report)
  - To record and clarify complex information for future reference (a report on policies)
  - To present information to large number of people (Annual report)
  - To recommend actions that can be considered in solving certain problems (Recommendatory report)
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## **Characteristics of Report**

1. **Precision:** Effective reports clearly reflect their purpose. The investigations, analysis and recommendations should be directed towards the central purpose of the report. Precision gives unity and coherence to the report and makes it a valuable document.
  2. **Factual Details:** The report should be very detailed and factual. The point of the report is to go into details; the kind of details should be relevant to the specific audience needs. Since reports invariably lead to decision making, inaccurate facts may lead to unfavorable decisions.
  3. **Relevance:** The facts presented in a report should be not only accurate but also relevant. Irrelevant facts make a report confusing; exclusion of relevant facts renders it incomplete and is likely to mislead.
  4. **Reader Orientation:** A good report is always reader oriented. While drafting a report, it is necessary to keep in mind the person(s) who is (are) going to read it. A report meant for the layman will be different from one meant for technical experts.
  5. **Objectivity of recommendations:** If recommendations are made at the end of the report, they must be impartial and objective. They should come as a logical conclusion to investigation and analysis. They must not reveal any self interest on the part of the writer.
  6. **Simple and Unambiguous language:** A good report is written in simple, unambiguous language. It is a document of practical utility; hence it should be free from various forms of phrases or any poetic writing. It should be clear, brief and grammatically accurate.
  7. **Special Format:** The technical report uses a format which includes cover, title page, table of contents, list of illustrations, appendices.
  8. **Illustrations:** Most technical reports contain suitable illustrations, which may be tables, charts, graphs, drawings or photographs.
  9. **Homogeneity:** The report should deal with one topic at a time. All the sections of the report should focus on that topic.
  10. **Documentation:** Technical reports acquire more value when adequately documented by acknowledging sources of information in an appropriate style.
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## **Types of Reports**

The reports are classified based on the purpose as Informative and Analytical; based on the frequency as Periodic and Special; and based on the mode of presentation as Oral and Written.

### **Informative reports**

An informative report, as the name suggests, entails provision of all details and facts pertaining to the problem. The main purpose of an informational report is to present the information in an objective, factual and organized manner. It presents the situation simply as it is. Recommendations do not arise in this type of report.

### **Analytical reports**

An analytical report is also known as interpretative report or investigative report. Analytical report analyses the facts, draws conclusions and makes recommendations, it is described as analytical report. The analytical report comprises of various stages like, identification of the problem, analysis and subsequent interpretation. Recommendations or suggestions are included depending upon the need.

### **Periodic reports**

Periodic or routine reports are either informational or analytical in their purpose. As they are prepared and presented at regular, prescribed intervals in the usual routine of business they are called periodic or routine reports. They may be submitted annually, semi-annually, quarterly, monthly, fortnightly, weekly or daily. Generally such reports contain a mere statement of facts in detail, in summarized form, or in the layout of a prescribed form, without an opinion or recommendation. Progress reports of various kinds, inspection reports, annual reports and sales reports all come under this category.

### **Special reports**

Special reports are related to a single occasion or situation. A report on the feasibility of starting a new venture could be an example for special report.

### **Oral and Written reports**

Reports can be oral or written depending upon the mode of presentation. An oral report is simple and easy to present. It may communicate an impression or an observation.

## **Structure of Reports**

Various elements combine together to structure a report. Knowing these elements will help in writing better reports. The necessity of using these different elements in the report depends upon the nature of the report. While some of them may be included in all reports,

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some may find a place only when the report gets published. However, the selection of these elements of structure may be done considering the Usefulness, Terms of Reference, and Existing practice

Usefulness refers to the need for including any particular element. For example, an informational report does not require recommendations. Terms of reference tells about the objectives of the report. Existing practices in the organization are supposed to be considered to include the elements in terms of producing a report.

## **ELEMENTS AND STRUCTURE OF A REPORT**

### **PREFATORY PARTS**

- Cover
- Title Page
- Certificate
- Acknowledgements
- Contents
- List of Illustrations
- Abstract

### **MAIN TEXT**

- Introduction
- Discussion
- Conclusions
- Recommendations

### **SUPPLEMENTARY PARTS**

- Appendix / Appendices
- References / Bibliography
- Glossary

### **OPTIONAL ELEMENTS**

- Frontispiece
- Letter of Transmittal
- Copyright Notice
- Preface
- Summary
- Index

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## **PREFATORY PARTS**

### **Cover and Frontispiece**

The cover of your report not only gives it an elegant appearance but also protects it from damage. It also serves as quick reference to the readers to know the topic and author of the report. The classification of the report (secret/top secret) and report number may also be mentioned in the cover page on the top left corner and right corner respectively. If the report is less than ten pages or if it is bound with a transparent sheet at the top and bottom, it need not include a cover page. Many organizations have standard covers for reports imprinted with the organization's logo and name.

### **Title page**

Title page is the first page of the report. This page is more or less similar to the cover page except that it contains the following additional information:

- Name and designation of the intended audience
- Name and designation of the approving authority, if any

### **Certificate**

Certain reports such as project reports, research reports, etc, require a certificate vouching the original contribution of the report writer. Generally, the certificate contains the statement testifying the original work, place, date and signature of the project supervisor or guide.

### **Acknowledgements**

This is a list of persons whom the writer would like to thank for their advice, support, or assistance of any kind.

- Some examples, Thanks are due to .....  
    Our sincere appreciation to .....  
    We owe a lot to .....  
    I am extremely grateful to .....
- Avoid listing the names
- Divide the content into well structured paragraphs

### **Table of contents**

Generally, titled simply 'contents', helps the reader locate a specific topic easily and quickly. This table is the final form of the report outline, or simply known as frozen outline with page numbers. 'Contents' lists all the three parts, namely prefatory, main, and supplementary parts of the report along with their page numbers. Depending upon the length

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and complexity of the report, the contents page may show only the top two or three levels of headings or only first level headings.

### **List of illustrations**

When the illustrations are less than five, it is listed along with the contents itself. When many illustrations are there a separate page will be added as illustrations. This serves as the contents page for all the illustrations. Illustrations have two parts namely tables and figures (such as graphs, maps, charts, drawings, etc.).

### **Abstract**

An abstract gives the essence of the report. In business report it is known as synopsis. The length of the abstract is generally 2 to 5 percent of the report. An abstract is especially relevant in specialist to specialist communication where the reader would be expected to have some background knowledge of the subject. Abstract does not allow abbreviation, acronym or illustration.

### **Executive Summary**

While abstract is more appropriate in specialist to specialist communication, summary is meant for all readers. It is relatively longer than an abstract, normally 5 to 10 percent of the report. In business reports it is termed as Executive summary. It presents the entire report in a nutshell. Summaries can contain headings, adequately developed text and even visual aids. After reading the summary, the reader should know the essentials of the report and be able to make a decision.

### **Preface**

Preface is the preliminary message from the writer to the reader. It is quite similar to the letter of transmittal, except that it does not formally transmit the report. It seeks to help the reader understand the report. The contents of a preface are:

- Factors that led to the report
- Organization of the report
- Highlights
- Significance
- Acknowledgements

Generally, the preface appears only when the report gets published.

### **Copyright notice**

Copyright is a form of protection that covers published and unpublished literary, scientific and artistic works, whatever the form of expression, provided such work is

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executed in a tangible or material form. Copyright laws grant the creator the exclusive right to reproduce, prepare derivative works, distribute, perform and display the work publicly.

## **MAIN TEXT**

### **Introduction**

The function of an introduction is to put the whole report in perspective and to provide a smooth, sound opening for it. It presents the subject or problem to the readers and gets their attention. An introduction includes the following information:

- Background of the report
- Purpose and scope
- Authorization
- Basic principles or theories involved
- Methods of gathering data
- General plan in developing the solution
- General structure of the report

Ending the introduction with an explanation of the general plan of the report will provide a logical transition to the next section. A brief outline of the results or main conclusions may also provide a logical transition to the first part of the discussion section of the report.

### **Discussion**

Discussion, the most voluminous part of the report, contains the information that supports the conclusion and recommendations, as well as the analysis, logic and interpretation of the information. The writer must decide between pertinent data to include in the text and less important information to omit or relegate to the appendix. The solution of a problem may be given with an explanation of its merits and demerits. Tables, charts and other media for presenting figures and data are used. The discussion should lead the reader through the same reasoning process that the author used to reach the conclusions and show that they are sound.

### **Conclusion**

Conclusion is that section of the report where all the essential points of discussion are brought together. The aspect of this section is to bring the discussion to a close and to signal to the reader gracefully that it has reached its end. It also refers to the logical inferences drawn, the judgments formed on the basis of analysis of data presented in the report or to the findings of the investigation. In summary, the conclusion section is a recapitulation of the

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significant points developed in the discussion section. Concluding statements are supported by the facts in the discussion section.

### **Recommendations**

Recommendations pertain to the action that is to be taken as result of the report. They are supported by the conclusions, and they are aimed towards accomplishing the purpose of the report. Recommendations can be of following types;

- Tentative (temporary solutions which may have to be reconsidered in future)
- Conciliatory (suggestions which is felt may be accepted by the recipient)
- Aggressive ( recommendations which are mandatory and are to be implemented immediately)

### **SUPPLEMENTARY PARTS**

#### **Appendices**

An appendix should contain the material not strictly related to the main argument of the report but which nevertheless is of interest and the material which readers can safely omit but can consult if they want to examine the details and also to carry out further study. Generally, an appendix contains materials such as sample documents, detailed calculations, experimental results, statistical data tables and graphs, specimen questionnaires, samples of forms used in investigations, summaries of results achieved by other organizations, etc. If there are many appendices, name them as Appendix A, Appendix B and so on.

#### **Bibliography**

A bibliography is an alphabetical list of the sources – books, magazines, news papers, internet, interviews, etc that has been consulted in preparing the report. This list is used to acknowledge and give credit to the various sources that are referred, to give the readers information to identify and consult the sources and to give readers an opportunity to check the sources for accuracy. It can also be named as references or sources and sometimes called as work cited. The details that can be furnished in the bibliography may be name of the Author, Title, Place of publication, Publisher details, Year of publication, Page number(s)

#### **Footnotes and Endnotes**

Footnotes and endnotes are used to give credit to sources of any material borrowed, summarized or paraphrased. They are intended to refer readers to the exact pages of the works listed in the bibliography. The main difference between footnotes and endnotes is that footnotes are placed numerically at the foot of the very same page where direct references are

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made, while endnotes are placed numerically at the end of the essay on a separate page entitled Endnotes or Notes.

### **Glossary**

This is the list of technical words used in the report and their explanations. The decision whether to include a glossary or not depends upon the readers, if they are from different fields, it would be better to include them.

### **Index**

The index is intended to serve as a quick guide to locate the material in the report. The readers can locate the topic, subtopic or any other important aspect of the report quickly and easily. The index is arranged in the alphabetical order and it is extremely helpful in cross referencing.

## **WRITING THE REPORT**

### **First draft**

First a rough draft of the report is prepared, and then it is revised, pruned and polished. The writer should also be careful that the language of the report is simple, unambiguous and free from grammatical errors.

### **Revising, Editing and Proofreading**

After completing the first draft of the report, it will be reviewed carefully. The type of the report, its utility, and the time available and also the effectiveness of the first draft determine the amount of revision for the following:

- Accuracy of facts
- Clarity of expression
- Overall organization
- Adequacy and appropriateness of the contents to meet the objectives
- Suitability and conformity of illustrations
- Effectiveness in expression
- Grammatical accuracy
- Correctness of layout

Editing can be done by either the author or someone other than the author. The report, revised in all aspects like additions, deletions or corrections, is again read to check and improve it before submission.

Proof reading is done at each stage of preparing the first draft to ensure correctness.

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## **MEMORANDUM**

Business memorandum or memoranda — also called memo or memos — are written communications within the business. Memos are used to - make announcements, discuss procedures, report on company activities, and disseminate employee information.

Usually memos have the following elements:

- An addressee
- The sender
- Date
- Subject
- Contents of the communication

### **Sample Memo**

<b>Memorandum</b>	
	01 January 2017
From	Manager (Sales)
To	Sales Executives (North Region)
CC	Stores Manager (North Region)
Subject	Discount Offers
<p>The Company decided to increase the sales in the northern region by introducing discount offers from next month. It is decided to give discounts to those who purchase regularly for more than Rs. 5,000/- per month.</p> <p>You are requested to extract the details of the buyers buying more than Rs. 5,000/- per month within 10 days and send the details to the head office. Individualized offers will be given from the head office for each customer in next 7 days.</p>	

## **CHARGE SHEET AND WARNING NOTES**

Charge sheet is a communication usually sent to an employee or record about an event or any unwanted happening. The warning letter is written for many purposes to warn the employee for the reasons like an improper behavior; misconduct; poor performance; absence or late coming; and violating rules. The warning letter may also be written - to a customer who has not settled the dues for a long time on repeated reminders; to a supplier who has not sent the consignment after receiving the payment; and the like. The letter outlines the consequences that he or she might have to face if the warning is not taken seriously.

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**Points to be kept in mind:**

Warning letters are to be written only when

- There is a chronic or a serious problem
- Problem could not be solved on verbal conversation
- Repeated poor performance

Word in the letter should be carefully drafted while writing a warning letter. Make use of professional language in the warning letter. The expectations from an employee are to be clearly stated. State the actions that you may take if an employee does not take your warning seriously. The letter should be sent in the letterhead of the company signed by the authorities concerned.

Proforma suggested for a charge sheet to an employee for  
<Reason for the Charge Sheet>

Date: \_\_\_\_\_

**To**

Mr./Ms. \_\_\_\_\_

Following are the charges against you:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

You have been verbally advised to .....

The above act of ...

You are hereby required .....

For \_\_\_\_\_  
(Authorized Signatory)

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## **Unit IV**

### **BANKING**

All businesses are doing financial transactions with banks. Business without Bank is a myth hereafter. So, having business correspondence with banks is inevitable. A bank receives deposits from the public and to grant loans to them. Recently, the banks have to undertake other functions also. All transactions need to be properly recorded with proper communication. Some of these functions require letters and some require application blanks. Banking Regulation Act of 1949 defines banking as “accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise”.

#### **Characteristics of a Bank**

##### **Dealing in Money**

Bank is a financial institution which deals with money of many people who deposit or pay interest or pay / transfer money to the account of others.

##### **Accept Deposit**

A bank accepts deposits by the customers in different schemes like savings bank account, current account, fixed deposit, recurring deposit, etc. the deposits are repaid on with an interest.

##### **Sanction Loans**

Banks lend money for different purposes to the needed people on securing some form of surety like assets, individual guarantors, etc.

##### **Nodal Point**

Banks act as a nodal point that provides easy transaction of money between two different parties and circulates money.

##### **Service Organization**

Banks provide many services to the customers and enable smooth transaction of money between two parties. The scope of banking services increases day by day and attempts are made to bring all money transactions through bank.

#### **Importance of banks**

Bankers play a vital role in the economic development of the nation. Banks facilitate all the processes involved in the economic development by circulating money. Some of the importance of the banking system is listed hereunder.

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1. Banks collect small, scattered and idle savings of different individuals from different parts of the country and make them available for progressive activities
2. Banks encourage savings of excess income by providing nominal interest
3. Banks provide safe custody to the surplus money
4. Banks enable easy and economic means of transfer of money
5. Bank connects the demand and supply of money

## **BANKING CORRESPONDENCE**

Letters are required in the occasions like correspondence between customers and banks; between two banks; between two levels of bank officials of the same bank; etc.

### **Between the Bank and the customers**

Some of the letters written by the customer to the Bank are

- to requests for overdrafts and loans
- to open accounts
- to enquire about interest rates
- to enquire the status of any application
- to give standing instructions regarding making payments

Some of the letters written by the Bank to the customer are

- Reply to the requests for overdrafts and loans
- Expressing the difficulties in granting loans
- Expressing the difficulties in opening of the account
- Insufficiency of documents needed for a transaction
- Reminder to pay the dues

### **Between Two Banks**

Communication between two banks happens for status enquiries, negotiations of bills of exchange, granting of letters of credit, etc. In these letters technical terms which are common in the business of banking are generally used unlike the words used in the letters to the customers.

### **Between Two Different Levels of Bank Official**

Letters are written by the head office to branch offices and the reverse also will happen.

#### **From the Head Offices to the Branch Offices**

Decisions of the Head Office on the issues raised by the branch or on the complaints made by the customer regarding the difficulties in the branches is communicated to

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Bank branch.

### **From the branches to the Head Office**

Reports and recommendations of the branches on the administration of the branch, on local trade conditions or on ways and means of developing branch business are sent to the head office.

Different types of letters in Bank correspondence are

1. Letters to bank to open a bank account (savings / current)
2. Letters to bank to intimate the change of signatories
3. Letters to bank requesting not to honor a cheque
4. Letter for transfer of an account to another branch
5. Letter asking the bank for statement of accounts
6. Letter returning a dishonoured cheque
7. Letters to bank seeking overdraft or loan facility
8. Letter informing a customer of his overdraft
9. Letter asking a customer to seek overdraft arrangements
10. Letter to a customer regretting inability to grant overdrafts
11. Letter informing a customer of his keeping insufficient funds
12. Letter acknowledging instructions by a customer
13. Letter to a customer seeking advice on investments
14. Letter to a customer seeking advice on purchase of shares in banks
15. Letter to another branch enclosing documents for signature by a customer
16. Letter to another branch acknowledging documents
17. Letter introducing a customer to an agent abroad
18. Letters to bank pointing out the mistake in the bank statements
19. Letter of apology to the customer after discovery of mistake
20. Letters to bank requesting to extend the period of fixed-deposit
21. Letter requesting a customer to close his account

### **TYPES OF BANK ACCOUNT**

There are different types of accounts that can be maintained with the bank.

1. Saving Account

Saving accounts are opened by individuals as individual account in banks. Primary objective of this type of account is to save excess amount an individual has as savings with

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some interest. These saving accounts are opened on the name of individuals only. A person opening a saving account may get a passbook , ATM card , and cheque book. Some accounts are opened with zero balance also.

## 2. Current Account

Current accounts are opened by businessmen for business transactions, on the name of firm or company. Current accounts will not be given any interest. Current account has different features like no limit on deposit or withdrawal, over draft, statement of account, etc.

## 3. Joint Account

A joint account is an account opened jointly by more than one person. Both current and savings accounts can be opened jointly. Joint accounts can either be operated by all individuals or by individual authorized member.

## 4. Student Account

Mostly students in higher education are given that option to open a student account, a current account that offer interest - free overdrafts up to a certain limit.

## 5. Recurring deposit Account

Recurring deposit account has saving feature that enables the individual to deposit small amount in regular frequency, usually every month. The deposits are made for fixed period and gets interest on the deposit money. At the end of the fixed period the depositor get back the deposited money along with the interest to his customer. Recurring deposit accounts are generally meant for salaried people.

## 6. Fixed deposit Account

Individuals may deposit a fixed sum of money for the fixed period. The bank pays differentiated interest which is based on tenure of the deposit account. Individual may reinvest the amount with interest or withdraw it. Some banks used to charge penalty if the deposit is closed prematurely.

## 7. FCNR Deposit Account

Foreign Currency Non -Resident account (FCNR) is opened by NRIs. Any NRI may invest a fixed sum of money for a fixed period usually not less than one year and maximum of five years in any foreign currency. After the completion of the period the maturity amount will be paid in the same foreign currency in which the deposit is made. This saves NRI from the fluctuations in foreign exchange rate risk.

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## 8. NRO Account

Non Resident Ordinary saving account (NRO Account) is a savings / current / recurring deposit / fixed deposit bank account held in India, in Indian Rupees. NRO account is opened by any NRI who want invest in India and also have earnings in India (such as rent income, dividend, pension, etc). Banks are free to determine their interest rates NRO accounts. However, interest rates for NRO account are less than those of domestic accounts.

## 9. NRE Account

Non Resident External (NRE) Account is a savings / current / recurring deposit / fixed deposit bank account held in India, in Indian Rupees. Such accounts can be opened only by the NRI.

### **OPENING OF A NEW BANK ACCOUNT**

Creating a new account is a process having the steps as given below.

1. Decide the type of account to be opened
2. Know about the requirements for opening the account
3. Get ready with the required documents
4. Choose the bank
5. Submit the documents in the bank along with signed forms
6. Bank opens the accounts as requested
7. Get the account details from the bank

### **SAMPLE LETTERS USED IN BANKING TRANSACTIONS**

#### **Account Opening**

<Date>

From

<Sender Name and Address>

To

The Manager

<Bank Name and Address>

Dear Sir/Madam,

Sub: Opening - Savings Bank Account – reg.

I request you to open a savings bank account in your bank branch in my name. Herewith I enclosed the duly filled opening form, introduction letter by an account holder of your bank

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branch, my passport size photos, and photocopy of my ration card. I also need ATM card and cheque book for the savings account. Kindly do the needful.

Thank you.

Yours Faithfully,

\_\_\_\_\_  
(Name)

### Sample Cheque



### Converting Individual Account into Joint Account

<Date>

From

<Sender Name and Address>

<Bank Account Details>

To

The Manager

<Bank Name and Address>

Dear Sir/Madam,

Sub: Converting - Savings Bank Account <Number> - Joint Account – reg.

I have a SB account <Bank Account Details> in your branch since ..... I wish to join ..... <Name, relationship and other Details> also to operate that account. I request you to convert the said savings bank account in to a Joint account with E or S operation. Herewith I enclosed the duly filled form and specimen signature attested by me.

Specimen Signature

Attested by me

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Kindly do the needful.

Thank you.

Yours Faithfully,

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(Name)

**Application for Loan**

<Date>

From

<Sender Name and Address>

To

The Manager

<Bank Name and Address>

Dear Sir/Madam,

Sub: Request – Personal Loan – reg.

I have a SB account <Bank Account Details> in your branch since ..... I am in need of money for personal purposes. I request you to consider my application for personal loan and give a favourable response. Herewith I enclosed the duly filled form, salary slip, form 16, and undertaking by my employer. Kindly do the needful.

Thank you.

Yours Faithfully,

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(Name)

**Requesting to give online access**

<Date>

From

<Sender Name and Address>

<Bank Account Details>

To

The Manager

<Bank Name and Address>

Dear Sir/Madam,

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Sub: Requesting online Account - Savings Bank Account <Number> – reg.

I have a SB account <Bank Account Details> in your branch since ..... I wish to operate my account through online. Kindly do the needful to provide me online access facility.

Thank you.

Yours Faithfully,

\_\_\_\_\_  
(Name)

**Transfer of Account to another branch**

<Date>

From

<Sender Name and Address>

<Bank Account Details>

To

The Manager

<Bank Name and Address>

Dear Sir/Madam,

Sub: Transfer - Savings Bank Account <Number> – reg.

I have a SB account <Bank Account Details> in your branch since ..... I got transfer from ..... to ..... So I wish to operate my account from the ..... branch located nearby my new residence.

Kindly do the needful to transfer my account.

Thank you.

Yours Faithfully,

\_\_\_\_\_  
(Name)

**Intimating error in Statement of account**

<Date>

From

<Sender Name and Address>

<Bank Account Details>

---

To

The Manager

<Bank Name and Address>

Dear Sir/Madam,

Sub: Error - Savings Bank Account <Number> - Statement of Account – reg.

I have a SB account <Bank Account Details> in your branch since ..... I took an amount of Rs. 10,000/- from ATM at Palayamkottai on 20 Feb 2016. However when I checked the balance, I found that the amount is deducted twice in my account.

Kindly do the needful to credit the excess deduction made in my account.

Thank you.

Yours Faithfully,

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(Name)

**Request for New ATM PIN**

<Date>

From

<Sender Name and Address>

<Bank Account Details>

To

The Manager

<Bank Name and Address>

Dear Sir/Madam,

Sub: New ATM PIN - Savings Bank Account <Number> – reg.

I have a SB account <Bank Account Details> in your branch since ..... I forgot the PIN of my ATM card.

Kindly do the needful to give me a new ATM PIN number.

Thank you.

Yours Faithfully,

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(Name)

**Seeking reference with another bank**

<Date>

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From

The Manager

<Bank Name and Address>

To

The Manager

<Bank Name and Address>

Dear Sir/Madam,

Sub: Reference – Loan sanctioning – Your customer – reg.

Warm greetings.

One of your customer (Number ..... ) have applied for a loan with our branch for an amount of Rs. 10,00,000/- and claimed that he has a good transaction record in your branch. Kindly provide us the details to make a decision regarding the sanctioning of the loan.

All communication in this regard will be kept confidential.

Thank you.

Yours Faithfully,

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(Name)

## **Unit V**

### **INSURANCE**

Insurance is a form of risk management in which the insured transfers the cost of potential loss to another entity in exchange for monetary compensation known as the premium. Insurance allows individuals, businesses and other entities to protect themselves against significant potential losses and financial hardship at a reasonably affordable rate. Insurance is a contract between two parties. One party is the insured and the other party is the insurer. In the words of Jon Megi, -Insurance is a plan wherein persons collectively share the losses of risks|.

Everyone who wants to protect themselves or someone else against financial hardship should consider insurance. The reasons include - Protecting family after death from loss of income to the family; Covering contingent liabilities; Preventing loss of business from uncertain calamities; Manage unforeseeable health expenses; Reducing the loss against theft, fire, flood and other hazards; and a many.

#### **Terms used in Insurance**

##### **Insured**

The party or the individual who seeks protection against a specified task and entitled to receive payment from the insurer in the event of happening of stated event is known as insured.

##### **Insurer**

The party who promises to pay indemnity the insured on the happening of contingency is known as insurer.

##### **Beneficiaries**

The person or the party to whom the policy proceeds will be paid in the happening of the event.

##### **Contract**

An agreement between the insured and insurer.

##### **Insured sum**

The sum for which the risk is insured is called the insured sum.

##### **Premium**

The amount which is paid to the insurer by the insured in consideration to insurance contract is known as premium.

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**Exposure**

An exposure is a measure of physical extent of the risk.

**Cover note**

An unstamped document issued by or on behalf of insurers as evidence of insurance.

**Indemnity**

Compensation for actual loss suffered is call indemnity.

**Characteristics of Insurance**

The Concept of Insurance has the following characteristics .

- Sharing of risk as a large number of persons insures in the scheme and only limited persons are exposed to the risk.
- Insurance is paid on specific event or on maturity, in case of Life Insurance.
- Insurance compensates against the risk involved in life, materials and property.
- Insurance is not a gambling though it leads to expense for many and compensation for few as it ensures compensation to those who are exposed to risk.
- Insurance schemes are regulated by law.

**Basic Principles of Insurance**

**Nature of contract**

An insurance contract comes into existence when one party makes an offer or proposal of a contract and the other party accepts the proposal.

**Principal of utmost good faith**

Under this insurance contract both the parties should have faith over each other. As a client it is the duty of the insured to disclose all the facts to the insurance company. Any misrepresentation of facts leads to cancellation of the contract.

**Principle of Insurable interest**

The insured must have interest in the subject matter of the insurance. An insurable interest must exist at the time of the purchase of the insurance. For example, A person is considered to have an unlimited interest in the life of their spouse etc.

**Principle of indemnity**

Indemnity means compensation against loss or damage. An insured may not be compensated by the insurance company exceeding the insured's economic loss. This is a regulatory principal which is observed more strictly in property insurance.

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### **Principal of subrogation**

This enables the insured to claim the amount from the third party responsible for the loss. That is, after compensating the insured, the insurance company will sue against the third party who made the damage to recover the amount.

### **Double insurance**

Double insurance denotes insurance of same subject matter with two different companies or with the same company under two different policies. Same property may be insured for fire, marine, and the like.

### **Principle of proximate cause**

This is applied when the loss happens due to two or more causes. In that case most dominant cause of loss is considered.

### **Kinds of Insurance**

The insurance is generally classified as

- Life Insurance
- General Insurance
- Social Insurance

### **LIFE INSURANCE**

In Life Insurance, the subject matter of insurance is life of human being. The insurer shall pay a fixed premium as insurance and will get an assured sum at the time of death or at the expiry of certain period. This type of insurance provides financial protection to the family either at premature death or at the old age.

#### **Concept**

Life insurance is a contract between an insurance policy holder and an insurer, where the insurer promises to pay a designated beneficiary a sum of money in exchange for a premium, upon the death of an insured person or at the end of the maturity period. Life-based contracts are of two major categories namely, Protection policies and Investment policies. Protection policies ensure financial security to the dependents and investment policies encourages savings in addition to the financial protection. The insured of the life insurance policies may give nomination to the policy so that the benefits may be handed over to the nominee in case of the death of the insured. Te policies may be assigned to a financial institution to obtain loan against the policy. Claim settlement for the policy is done either as death claim or as maturity & survival Claim.

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### **Types of Life Insurance Policies**

Term Policy  
Whole Life Policy  
Endowment Life Policy  
Health insurance schemes  
Joint Life Policy  
With Profit and Without Profit Policy  
Annuity Policy  
Policies for Women / Children  
Group Insurance  
Money Back Policy

#### Documents required for Life Insurance

Documents required at the stage of the proposal are age proof and proof of income. In certain cases, a medical certificate is demanded by the company.

#### Documents required for Continuation of Policy

First premium receipts and renewal premium receipts, if applicable, along with the policy contract are required to pay the premium and to continue with the policy.

### **GENERAL INSURANCE**

The general insurance includes property insurance, liability insurance and other forms of insurance. Fire and marine insurances are strictly called property insurance. Motor, theft, fidelity and machine insurances include the extent of liability insurance to a certain extent.

#### **Types of General Insurance**

Different kinds of policies under general insurance are

- Fire Insurance
- Marine Insurance
- Motor Insurance
- Health Insurance
- Miscellaneous Insurance

#### **Fire Insurance**

Loss of property due to a fire accident is covered under fire insurance. Fire Insurance comes under tariff class of business. The fire insurance document containing the terms and conditions of the contract is known as ‘Fire Insurance Policy’. A fire policy contains the

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name of the parties, description of the insured property, the sum for which the property is insured, amount of premium payable and the period insured against. Depends on the condition laid in the policy document the loss due to the fire, lightning, explosion, Storm, cyclone, typhoon, hurricane, tornado, landslide, Riot, strike, malicious, and terrorism damages may be compensated.

### **Marine Insurance**

Marine insurance covers the loss or damage of ships, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination. The general principles of marine insurance are the same as with other types of insurance. The insured may be the owner of the ship, owner of the cargo or the person interested in freight.

Based on the coverage the marine insurance is classified into four categories

**Hull Insurance:** Hull refers to the ocean going vessels (ships trawlers etc.) as well as its machinery. The hull insurance also covers the construction risk when the vessel is under construction.

**Cargo Insurance:** The cargo transported by sea is also subject to manifold risks at the port and during the voyage. Cargo insurance covers the shipper of the goods if the goods are damaged or lost.

**Freight Insurance:** Freight refers to the fee received for the carriage of goods in the ship. When freight is received on the delivery of the goods at the destination port safely, the ship owners purchase freight insurance policy along with the hull policy.

**Liability Insurance:** It is usually purchased to protect the ship owner from the compensations to paid for the damage caused by the ship to docks, cargo, illness or injury to the passengers or crew, and fines and penalties.

Different policies of marine insurance are - Voyage Policy, Time Policy, Mixed Policies, Valued Policies, Unvalued policy, Open policy, Floating Policy, and Block Policy.

### **SOCIAL INSURANCE**

The social insurance is to provide protection to the weaker section of the society who is unable to pay the premium for adequate insurance. Pension plans, disability benefits, unemployment benefits, sickness insurance and industrial insurance are the various forms of social insurance.

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## **APPLICATION LETTER AND RESUME WRITING**

Application letters are written when anyone applies for a job. The objective of an application letter is to seek an interview or job. Generally, application letter are sent along with the resume which is also referred as bio-data or curriculum vitae. The resume will normally be the same for almost all position. However the application letter for each employer need to be tailor made. Application letters are written such that application letters make authorities understand how the applicant benefit the organization. The application letter should be more like a persuasive letter which should project confidence. Application letter should show that the applicant is interested in joining the organization and will abide by the regulations of the organisation, if selected. Application letters are more or less a sales letter. Hence the general principles governing a sales letter will be applicable to job application letters also.

People apply for jobs from different places to all parts of the world. Some go through the advertisements in the Newspapers and Magazines; others may go through personal contacts. Campus recruitments recruit people right from the concerned educational institutions where they study; still others browse through internet and manage to find vacancies. Employment agencies and human resource consultants are also used. There may be two types of application letters namely solicited and unsolicited.

- Solicited: Which are written in response to an advertisement.
- Unsolicited: Which are written on the writers' own initiative; without being asked for

When writing unsolicited application, the letter should especially good in capturing the attention and raising interest of the employer. An unsolicited application letter may focus on one or more of the following:

1. Special work skills that would benefit the organization
2. The match between job requirements and the qualifications
3. Reference name who may be respected by the employer
4. News about the organization that attracts the awareness
5. The source of knowledge about the vacancy

Application for a job contains two essential parts

1. Cover letter
  2. Resume
-

Contents of the application and the resume should be prepared such that it motivates the employer to call the applicant for an interview or for the job. Hence each of them plays an important role in your job search.

### **Cover letter**

Application letter contains sentences that gain attention and develop an interest in the employer about your qualification in the introductory paragraph; experience, qualifications, past performance, and testimonials in the main body; and sentences to motivate the prospective employer to take a favourable action in the concluding paragraph.

#### **Introductory paragraph**

An introductory paragraph may have the following points.

1. State the reason for applying
2. Mention the source informing the job opening (advertisement, or through personal contacts)
3. Summarize the best credentials.

Write a distinctive covering letter by avoiding usual routine beginnings such as ‘with reference to your advertisement ...’ or ‘In response to your advertisement ...’ and the like.

#### **Main text**

Main text is where the applicant can sell his/her skills by describing the academic and professional skills. But remember not to make this section a replica of the resume. Present only the highlights of the appreciable skills. The following guidelines may be adopted to write the main body of the cover letter.

- Justify the requirement of the skill set in the organisation
- Give specific details of the achievements. For examples, rewarded for the accomplishment of a difficult project, nature of reward, type of project and also the year and month of the reward received.

#### **Concluding paragraph**

The concluding part of the cover letter has important function as seeking the reader for a specific action.

Generally the action expected is to give chance for an interview. But do not demand it. Try to sound natural and appreciative. Also the willingness to come and meet the personnel at his office at a convenient time needs to be expressed. Refer again to the strongest selling point and if desired the date of availability.

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## **Model Application Letter**

<Date>

From

<Name and Contact details of the Applicant>

To

<Name / Position of the Receiver>

Dear Sir

When I saw your advertisement in the Business Line dated 11th August 2010 for the post of Production Manager, I felt it was just the kind of post which I have been looking for. My experience in production department as manager for over 10 years and my bachelor's degree in Production and control engineering are my strongest qualifications for this position.

As you can see from the enclosed resume, all my experience are in reputed companies like yours. My expertise in meeting the production target definitely will prove valuable in increasing the efficiency of the productivity of Ingersoll Industries Ltd. I am enthusiastic in pursuing a career in production with \_Ingersoll Industries Ltd' because of its diverse product line and international scope.

I would welcome the opportunity to meet you. My contact details and the host of other qualities is mentioned in the resume enclosed hereby. Thank you for your valuable time. I look forward to hearing from you soon.

Sincerely

<Signature of the Applicant

Encl: Resume (5 Pages)

## **RESUME**

Resumes or curriculum vitae are sent along with the job application letter. They are technical as well as marketing documents which present the past and present performance to the prospective employers so that they can assess the future potential. In fact, a prospective employer forms his first impression of the applicant from the letter and assures it from resume. Of course a resume will not get anyone a job, but it may put the applicant on the short listed candidates list. The people doing the hiring have more applications than they can handle and hence they naturally look for ways of reducing the candidates to a manageable number. So if the resume is effective, the applicant has opened the first door to possible employment. The resume should present a biographical sketch, which is objective, easily

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accessible and detailed. It does not mean that the entire history has to be included. Since the resume accompanies the cover letter of the job application, both share the same objectives of getting an opportunity for an interview / job. Hence the more detailed information can be given during the interview.

### **APPEARANCE AND ELEMENTS**

Like every important business document, resume should be impeccable. Any mistakes or sloppiness here could cost the job by raising doubts in an employer's mind. Because the design of an effective resume is complicated, many candidates hire professional services to create resume. Resume must be well organized so that vital information is readily accessible. The resume creates the image of the applicant. Resume should be:

- Neat and error free
- Legible and avoid crowding
- Printed on good quality paper of A4 size
- Printed using a high quality printer or photocopier

Resumes may be organized in more than one passion. Depends on the job the number of pages of the resume varies. The resume contains many parts namely personal information, educational qualification, skills, achievements, membership, references, etc.

#### **Personal information**

Personal information includes name, address, phone numbers, e-mail address, etc. Make sure that the information allows an interested employer to reach you easily. Do not list your current business phone or e-mail. A personal e-mail address and home or cellular phone is preferable. Always indicate the validity of the given address.

#### **Career/professional objective**

This element is optional. But most employers agree that a statement of professional objective should be included in a resume. When giving a career objective, make it effective by being as specific as possible about what to be achieved.

#### **Educational / Academic qualification**

Educational qualification and experience are the highest selling propositions. Employers are usually interested in knowing about education, training, degree earned, major and minor fields of study, course done and also the practical experience gained during the education. Begin with the recent education and work backward. If any information will be helpful and if space permits, then consider listing notable courses that have been pursued. If your grade point is impressive, include it. Finally, note any honors you have received.

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### **Work experience / Professional skills**

Every employer wants to know different kinds of the work performed by the candidate. When describing the work experience, list the jobs performed in chronological order, with the current or recent as the first. Include any part time or internships, projects done. Unrelated experience to the career objectives may be stated under the heading other experiences. The employers will see the ability to get and hold a job. In each experience include the name and location of the organization, job title / designation, duration of work, a brief about the work. There is no need to use complete sentences, phrases will do. Be sure to use very concrete language, including technical terminology, to describe the work that is performed. Place this section either before or following to the section on education, depending on which will be most important to an employer.

### **Activities and Achievements / Special Interests / Awards / Aptitudes**

Special abilities that are valuable to the employer need to be listed. These include community service / volunteer activities, languages known to write and speak, operational knowledge of special equipment, relevant hobbies and so on. The key here is to include only information that the employer will find useful, and that casts in a favorable light. Grouping of the activities into different categories can be done. Mention the awards that are received. Give details regarding the nature of award, reason for the award, date or month and year of receiving and also the authority from whom it is given.

### **Memberships**

If you belong to any professional /social/ service organizations in the related field, list them under memberships.

### **References**

This section should always be the last one in a resume. For space and privacy considerations, it may be simply included as a phrase –References available upon request‘ and can provide the names only when asked for. The references should be impressive enough to merit listing. The references may be of three or four people who combine the best elements of familiarity with the work and a credible position and recommendations from high status people carry more weight. Before including the names in the reference get permission from the people.

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## **TYPES OF RESUMES**

There are three types of resume, they are chronological, functional and hybrid (combination resume). Each has its own merits depending upon the job applied for.

### **Chronological Resume**

The chronological resume emphasizes the education and work experience and is most effective when such experience clearly relate to the job applied for. Within the categories Education, Work experience and related experience, list the entries in reverse order, beginning with the recent experience. Under each position, describe the responsibilities and accomplishments, emphasizing the ways skills developed which are suitable for the job applied for. The chronological approach is the most common way of organizing the information in resume and it is preferred by most employers.

### **Functional Resume**

The functional resume features the skills the applicant has and its relevance to the job. This type emphasizes individual fields of competence and is hence used by applicants who are just entering the job market, who want to redirect their careers, or who have little continuous career related experience. Overall it demonstrates the applicants' ability to handle the position they are applying for. While writing a functional resume, follow the skills category immediately with a chronological work history and a education section that lists only institutions, degrees and dates. The latter two categories may come first, depending on whether the skills are gained from experience in the college or on the job.

### **Hybrid Resume**

Hybrid resume includes the best features of the chronological and functional resumes. However this type is not popular or not commonly used as it tends to be very long and also it may turn out to be repetitive in nature. Irrespective of the format chosen, remember that strong resumes should possess the same qualities like focus on the employer needs, make it concise and ensure honesty.

## **ORAL PRESENTATIONS**

This is a formal well prepared talk given by an individual to a group. The responsibility of the presenter is to make sure that all the listeners understand the matter, Whether it is business organization or educational institution where we work, or even as a student, it is essential to possess good public speaking skills. Throughout the life / career,

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everybody is bound to encounter innumerable situations which demand effective oral presentations.

To mention a few, a team leader, has to present before the corporate body; a project manager need to present before a committee the results of a project undertaken; and a student may have to present in seminars or may have to present project reports. All these situations require effective oral presentations skills. Though these circumstances differ in purpose, the strategies used in making a good presentation do not differ much. The ability to make effective oral presentations is one of the most important qualities everyone needs to develop for having a successful life / career. Knowing the fundamentals of professional presentations will be helpful to emerge as an effective presenter.

To make an effective presentation it is necessary to understand the following components:

- i. Defining purpose
- ii. Analyzing audience
- iii. Organizing contents
- iv. Preparing an outline
- v. Deciding on visual aids
- vi. Nuances of delivery

**i) Defining purpose**

The purpose of the presentation not only decides the content and style but also affects the amount of audience interaction. Generally, the presenter should begin by providing facts and figures or statistical finding relating to the topic that increases the audience's interest on the subject and improves understanding. Depending on the purpose – to inform, to analyze or to persuade, the communication is designed. However, depending on the audience reaction, the situation may change. When the situation change the purpose also may change from one to the other. So the presentation should be planned to be flexible enough to adjust to new input and unexpected audience reactions.

**ii) Analyzing audience**

It is always important to have some prior knowledge of the audience characteristics. Those audiences who are not very conversant with the language or with the accent may appreciate relatively slow speech and use of visual aids to aid their understanding. According to the audience, structure the presentation and adapt the style to help them feel comfortable.

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Ensure to seek the following information characteristics of the target audience before the presentation.

1. Estimate their interests and dislikes
2. Determine their degree of knowledge of the topic
3. Know the demographic and socio-economic characteristics of the audience
4. Estimate the size and composition of the audience

While presenting, the presenter has to make eye contact with the audience to assess the audience reaction such as excitement, resistant, hostile or dull. Always begin with a greeting in a pleasant tone with a smile. Respond to audience reaction / feedback with positive tone. The effectiveness of oral presentation may be increased with an effective usage of words. The presentation can further be skillfully managed by pauses, through interactions with the audience and through changes in delivery techniques. Usage of visual aids will hold the attention of the audience and promote understanding. Prior to the presentation, know the physical setting, the availability of podium, table, public address system, and so on. Also understand the physical conditions such as seating, room temperature and lighting. Appropriate arrangements for audio-visual aids also need to be checked before commencing the presentation.

**iii) Organizing contents**

People normally vary in their ability to speak confidently in public. Always prepare more material than required; this will help to feel confident. Arrangement of the contents of presentation can be done into three major parts namely,

1. Introduction
2. Main body
3. Conclusions
4. Interaction (Optional)

**Introduction**

The opening statement may be a question, a quotation, an anecdote a sincere greeting or a statement that arose interest of the audience. This prepares the audience to listen to the rest of the presentation. After the opening statement, state clearly and precisely the purpose of the presentation. End the introduction by giving an overview or road map of the presentation. After a preview, the presentation smoothly transits to the main body of the speech.

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## **Main Body**

The main body / the discussion follows the introduction and supports the aim / specific purpose. The major points that are highlighted in the opening will be expanded in the main body. Depending upon the topic and the introduction, any of the following patterns may be used to organize the main body of the speech.

- Chronological - If the contents of presentation is arranged sequentially, in the order in which the events occurred or appeared. The entire presentation may be arranged chronologically.
- Categorical - This is one of the easiest and most commonly adopted patterns for many topics. The entire presentation may be divided into various topics and sub-topics arranged on the basis of subordination and coordination.
- Cause and effect - This method may be adopted whenever there is a cause and effect relationship. Here the presenter has to illustrate a situation and explain the causes of the situation and then focus on the effects.
- Problem-solution - The presenter may divide the presentation into two parts. In the first part describe and analyze the cause and effect of the problem. The second part discusses the main objective of the presentation to suggest or propose a solution to the problem. It is a very helpful and effective way for presentation for topics like ‘controlling population explosion’.

## **Conclusions**

The conclusion of the presentation may be done by reviewing the main points. Give a signal such as *to sum up, to conclude, to review when commence the conclusion*. In conclusion, remind the audience briefly about the purpose of the presentation and persuade them. Conclusion also may be with a quotation or recall the earlier story, joke, anecdote with which the presentation is commenced to bring it to a full circle.

## **Interaction**

Most of the interaction session becomes a questioning session. Feedback is vital for the ideas that have been put forth in the presentation. Preparing for questions, therefore, is as important as preparing for your presentation.

### **iv) Preparing an outline**

An outline is a mechanical framework in which the bits and pieces of the presentation material are fitted. It serves as a guide to show the right path for the presentation. So spending time in developing an outline is more important for an effective presentation. In

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fact, an outline may be prepared so flexible to deviate in response to audience feedback. The outline may be framed in the form of words, phrases or sentences depending upon the convenience of the presenter.

**v) Visual aids**

Speeches with visual support – handouts, chalk boards, flip chart, overheads, slides, computers, charts, tables, film, etc is more efficient than the normal speed. If a picture is simple, clear and appropriate to its purpose and audience, it will deliver the message more accurately and quickly than a verbal explanation. Visual aids are required and more appropriate for the points that sound vague and require detailed discussion.

**Importance of visual aids**

1. Increase audience interest
2. Help illustrating key and complex points
3. Increase the impact of message
4. Help listeners retain information
5. May serve as a notes for the presenter

**Guidelines to make effective use of visual aids**

- ✓ Organize the visual aids to fit the plan.
- ✓ Emphasize the visual aids with pointing to them with bodily action and with words.
- ✓ Look at the visual aids only when the audience should look at them.
- ✓ Avoid blocking the listener's view of visual aids.
- ✓ Make sure that audience had an opportunity to absorb the material.
- ✓ Use enough visual aids to make the points clear.
- ✓ Make sure visuals are visible and clear to everyone in the hall / room / auditorium.
- ✓ Be familiar with the basic operations of the devices used visual aid.

Prerequisites specific to some of the visual aids are tabulated below.

**vi) Nuances of delivery**

Manner of presentation, the vocal inflections, perfectly timed pauses, facial expressions and the gestures are the factors that keep the attention and interest of the audience. All these are part of an expert delivery. Even a vague topic will turn out to be more interesting if presented well. Good delivery conveys ideas clearly, interestingly and without distracting the audience. Most audiences prefer delivery that combines a certain degree of formality with the best attributes of good conversation- directness, spontaneity, animation, vocal and facial expressiveness and as a whole lively sense of communication.

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There are four modes of delivery which can be used for making presentations:

1. Extemporaneous - The presentation will sound quite spontaneous to the audience, as after thorough preparation, you are speaking while thinking. This is the result of appropriate planning and practice, where you collect the material and organize it meticulously.
2. Manuscript - In manuscript presentation, the message is written / printed and the message is supposed to be read aloud. The written / printed message will be in front of the presenter and he has to read. For effective presentation, the presenter needs to rehearse it several times.
3. Impromptu - The impromptu mode, as the word suggests, is delivering an informal speech without preparation. For example, at a formal dinner party one may be invited to deliver a vote of thanks. The presentation should be as brief as possible during impromptu presentations. A brief presentation with smiling face satisfies the requirement.
4. Memorization - This method of presentation is very difficult for most of the people when presenting in front of a live audience. Usually the presenter memorizes the main points and the sequence of the points. Speech is initially written and memorized and finally delivered from the memory.

Among all the four modes of delivery, each mode is better in specific situation. However existence of some flexibility to the speaker may enhance the effectiveness.

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**MODEL CONTENT OF DIFFERENT LETTERS**

**ENQUIRY LETTER**

**Letter Head of the Concern**

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Ref No. 2011/enq/sup/D/2

10 February 2017

To

**Seller Address**

Sir,

Sub: Geometry box – wholesale agent – reg.

Ref: Advertisement in The Hindu dated 9<sup>th</sup> December, 2016

We understood from the advertisement that quality oriented wholesale agent for your geometry boxes are required for your company. We are in the business that deals with stationary items for past 15 years in Kanyakumari. We have around 150 schools and 35 colleges as our regular customer for supplying stationary items to the office as well as to students of above-said institutions.

We wish to become one of your team members in selling the geometry boxes for the students. We are in need of following data, to make a decision to become your agent.

1. Price of the geometry box
2. Number of models available for different students
3. Minimum quantity of purchase
4. Commission percentage
5. Sales target, if any
6. Credit policy of your company

As we have limited time to grab this year's market, kindly send the above details at the earliest.

Yours faithfully,

Director-Purchase

AJ/NR

Encl: 1. Profile of our company

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**SPECIAL OFFER**

Letter Head

Date

Ref No.

To

**Buyer's Address**

Attn: Purchase Officer

Dear Sir,

Sub: Distributors – Special offer – reg.

We are very much glad to inform that we got a quality certification from the state government. Our company has decided to celebrate this month with our stake holders. Being one among the few valuable distributors, we wish to include you also with us in the celebration. As a part of our expression of gratitude to our valuable distributors we have decided to introduce a new offer.

A price list of all varieties of tea is enclosed for your perusal, to facilitate the early orders. Apart from the discounts, a special rebate of 7 % is given for cash payment.

Hurry the offer is only for this month and only for the few like you.

Thank you,

Yours sincerely,

Manager – CRM  
(Mr. Gobal)

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**ORDERS**

Letter Head

Date

Ref No.

To

**Seller's Address**

Sir,

Sub: Printing paper – placement of order – reg.

Warm Greetings!

We are very happy to have association with you for the past 20years. We are in need of 50 tonnes of Yellow printing paper, urgently. We will be thankful if the order has been executed in a week.

The paper required is 50 tonnes and should be of the quality preferably as per the sample enclosed. We assumed the terms and conditions be as that of our regular dealings. We hope that you will be satisfying our requirement.

Thank you,

Yours sincerely,

Manager - Purchase

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**REPLY LETTER TO THE REMINDER LETTER TO ORDER**

Letter Head

Date

Ref No.

To

**Seller's Address**

Sir,

Sub: Execution of order –reply - reminder – reg.

Warm greetings.

We wish to thank you, one of our regular customers, for your order for the books. We also received your communication, reminding us of the orders for book placed by you. We whole heartedly regret the lapse in not intimating to you regarding the execution status of your order.

Initially we thought of sending all the books in a single lot. However, we dispatch the available books to you immediately which you may receive tomorrow. We had made arrangements to send the remaining copies directly from the printer, which also you may receive day after tomorrow.

Kindly acknowledge the receipt of the books send along with this letter and the one you will be receiving directly from our printer.

Thank you for your kind cooperation

Yours faithfully,

Head - Sales team.

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**COMPLAINT LETTER**

Letter Head

Date

Ref No.

To

**Seller's Address**

Sir,

Sub: Faulty execution of orders – TV sets - reg.

Ref: 1. Invoice no. 346

We thank you for the consignment of TV sets against our order with the invoice number 346. On inspection we found that some of the packages in the lot are different in size. The quantity of actual order and the quantity of sets send against the specific three models, where there are differences, are listed hereunder.

	Model	Numbers Ordered	Numbers
	Received		
1.	Size 21"	200	225
2.	Size 25"	350	390
3.	Size 20"	75	10

We may adjust the excess TV sets that we received against the order we need to place on next month. The payment for the excess TV sets may be made along with the payment for the next order. We hope that we keep on good relationship and continue our joint endeavours.

Thank You,

Yours Faithfully,

Manager – Electronics division

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**REMINDERS FOR COLLECTION**

Letter Head

Date

Ref No.

To

**Buyer's Address**

Dear Sir,

Sub: Credit sales – Collection – reminder – reg.

Ref: Acceptance letter of consignment dated December 29, 2016.

Warm greetings.

We are pleased to have you like regular bulk purchasers as our customer. Thank you for your order placed on January 10, 2017. The consignment for your order is getting ready and will be dispatched as scheduled.

This is for your kind information that the credit amount sanctioned for the order executed on previous order has not been yet settled. Hope you might have been busy and may lost the due date. We just want to remind you the accounts. We have attached the statement of accounts for your reference.

Please, don't consider this letter if you have made payment in this interval. Or otherwise, please make the payment as early as possible so that we can make payment to the suppliers.

Thank you,

Yours sincerely,

Accounts Officer

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**CIRCULAR LETTER**

Letter Head

Date

Ref No.

Dear customers,

As you all are our regular customers, you may perhaps be aware that we are awarded with 'Best Quality Supplier Award'. To be the leading marketer for textile items in Coimbatore we are grateful to all our customers.

As one of our milestone, we are opening the 50<sup>th</sup> branch, a new branch in Salem, in the way of our expansion. We have planned to keep stocks of silk sarees, blouses, printed sarees and other varieties as preferred by the bulk purchasers from the South Tamilnadu.

We assure our customers on quality at the least possible price as all other branches in the new branch also. As a continuing supporter for our business, we expect you to pay a visit to our new branch and also inform your friends about our new branch.

Yours faithfully,

Managing Partner

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**SALES LETTER**

**Letter Head**

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Mr. Kumaran  
Sales Manager

Date

Dear sir/madam,

We have pleasure to inform you the latest inclusion addition to our galaxy of office equipments, photo copiers branded as PHOTOPPLUS. Our photocopier is a portable and unlike other models, our photocopier even can be operated using a 600VA UPS which is normally used for ordinary computers. The photocopier may even use as a printer when connected to computers.

The PHOTOPPLUS costs ` 57,999 /- and as an introductory offer, there is a rebate of 20 % for the purchase made in next one month.

We invite you to visit our showroom or website to visualize the product at your convenience. We have planned to also offer special concessions to educational institutions and to the customers of any of our office equipment. The details on our special offers may be heard at the toll-free number 1500-1500-1500.

We are eagerly waiting for your action, enquiry and / or purchase.

Thank you,

Yours sincerely,

Sales Manager

Encl: Brochures

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