

DJC2B - BUSINESS COMMUNICATION AND OFFICE METHODS

Unit I

Nature and importance of business communication – types – media – radio – T.V., - modern e-communication – essentials – forms and structure – style and art of business writing

Unit II

Application – interview – testimonials – appointment – enquires and replies – orders and executions – credit and status enquires – claims and adjustments – collection letters – circular letters

Unit III

Banking, insurance, agency, export and import correspondence – company secretary's correspondence – correspondence with government

Unit IV

Organisation of a modern office – office – meaning – functions – importance – management of organisation – office systems and routines – office machines and equipments – selection of equipments

Unit V

Mail and correspondence – organisation of mailing department – making and maintenance of records – filing methods – essentials of a good filing system – indexing – types of indexing

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

1. Introduction to business communication
2. Definitions for communication
3. Nature of communication
4. The process of communication
5. Importance of business communication
6. Types of communication
7. Media for communication
8. Consideration for selection of media
9. Medium of communication (conventional and modern communication mode)
10. Media of mass communication
11. Essentials of communication
12. Barriers to communication
13. Overcoming communication barriers

INTRODUCTION

Communication means to **create a common understanding**. Communication is an important aspect of human behavior. It stands for the natural activity of all human beings to convey opinions, feelings, information, and ideas to others through words (written or spoken), body language, or signs. Communication is an integral part of life. From birth till death every living being is communicating in his or her own way, be it birds, animals, trees or human beings.

The word “**Business stands for any economic activity undertaken with a view to earning a profit**”. The communication undertaken in the process of this activity is termed as business communication. From the very inception of the idea of the Business, to run the day to day activities of the Business, communication is involved. It includes oral, written, formal, informal, upward, downward, lateral, diagonal, inward outwards as well as nonverbal communication.

Communication is the most vital ingredient of an organization. In fact, an organization cannot be conceived of without communication. An organization is a group of persons constituted to achieve certain specific objectives. The achievement of these objectives largely depends upon a proper coordination and integration of human effort in an organization.

The people working in an organization are interrelated; their activities are also interrelated because all activities are performed only to achieve the organizational objectives. Coordination and integration of various human activities are possible only if there is an effective system of communication in the organization which provides for the exchange of information and sharing of various ideas. The more effective the system of communication, the better is the relation between workers and the management.

It is communication which gives life to the organization; so, it is rightly known as the **life blood of an organization.**

DEFINING COMMUNICATION

The term communication has been derived from the Latin word '**communis**' that means '**common**' and thus, if a person effects communication, he establishes a common ground of understanding. Literally, communication means to inform, to tell, to show, or to spread information. Thus, it may be interpreted as an interchange of thought or information to bring about understanding and confidence for good industrial relations. It brings about the unity of purpose, interest, and efforts in an organization.

Definitions: There are a number of definitions of the term communication. A few of them are being reproduced below:

“Communication is an interchange of thoughts, opinions, or information, by speech, writing, or signs”.

– **Robert Anderson**

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

– **George Terry**

“Communication is any behaviour that results in an exchange of meaning.”

– **The American Management Association**

NATURE OF BUSINESS COMMUNICATION

The analysis of the above definitions implies that communication has the following characteristics, which define the nature of Communication

1. It is a process:

The term process has been defined as an identifiable flow of interrelated events moving over time towards some goal or an end. Accordingly, communication is a process in which there are some

identifiable inter-related events which start with the sender. Then it moves by encoding messages, through some channel till the receiver receives the message and ends with the feedback.

2. It is inevitable:

Communication is essential physically, socially and psychologically. If an individual is provided all physical comforts but is not allowed to read, write, speak and listen, he will become mentally retarded.

3. Communication is intentional as well as unintentional:

While some communication is intended, that is, it is purposely done, much of the communication may be unintentional, that is, we might convey, in many ways, even what we don't wish to communicate.

4. Communication is systematic:

Every component of Communication is affected by the other. The one who sends the message, the message itself as well as the receiver of the message; all are interrelated and affected by each other.

5. Communication is a social process:

Human being is a social animal. He cannot live in isolation. Communication is a process which helps the human being to interact and socialize. Hence, it is a social process.

6. Dynamic Process:

Dynamic means "ever changing". Communication is not a constant, one-time event. It is a dynamic process, which is changing all the time.

7. Continuous Process:

Communication is a continuous process. More often than not, it is repeated to achieve the desired results. It is an ongoing process, in which one interaction is followed by the other.

8. Communication is both interaction and transaction:

The participants of communication exchange ideas and information and also influence each other in the process. They share and exchange both thoughts and meanings.

9. Leads achievement of the organizational objective:

Effective communication does this by creating the sense of object orientation in the organization.

10. Dispels misunderstanding:

In this sense, it provides clear understanding between persons and thus builds a bridge of camaraderie among people.

11. It has four specific skills:

Communication has four specific skills. They are reading, writing, speaking and listening.

THE PROCESS OF COMMUNICATION

Communication is a process, requires at least two persons — a sender and a receiver—irrespective of the mode of communication. The sender or source conceives the idea, gives it a shape, decides the mode of communication which may be used to convey the idea, and conveys it. The receiver receives it, tries to understand it, and finally takes an action which may be either to store the information or to send the message to the original source or take any other line of action as required by the source.

Seven major elements of communication process are as follows,

1 .Sender or source:

The person who intends to convey the message with the intention of passing information and ideas to others is known as sender or communicator.

2. Message:

This is the subject matter of the communication. This may be an opinion, attitude, feelings, views, orders, or suggestions.

3. Encoding:

Since the subject matter of communication is theoretical and intangible, its further passing requires the use of certain symbols such as words, actions or pictures etc. Conversion of subject matter into these symbols is the process of encoding.

4. Communication Channel:

The person who is interested in communicating has to choose the channel for sending the required information, ideas etc. This information is transmitted to the receiver through certain channels which may be either formal or informal.

5. Receiver:

The receiver is the person who receives the message or for whom the message is meant for. It is the receiver who tries to understand the message in the best possible manner in achieving the desired objectives.

6. Decoding:

The person who receives the message or symbol from the communicator tries to convert the same in such a way so that he may extract its meaning to his complete understanding.

7. Feedback:

Feedback is the process of ensuring that the receiver has received the message and understood in the same sense as sender meant it.



IMPORTANCE OF BUSINESS COMMUNICATION

Communication is an indispensable part of the process of management. The success of an enterprise depends upon the effectiveness of communication. Every manager must communicate in order to get things done through others. A good communication system offers the following benefits:

1. Information Sharing:

The main purpose of communication is to transmit information from a source to target individuals or groups. Various type of information is transmitted in the organization: policies and rules, and changes and development in the organization etc. There may be a need for fast diffusion of some information in the organization, e.g., special rewards and awards were given, settlements with the union, and major changes in the organization.

2. Feedback:

There is a need to give feedback to the employees on their achievements, to the department on their performance, and to the higher management on the fulfilment of goals; and, difficulties encountered in the communication of feedback helps in taking corrective measures and making necessary adjustments, and it motivates people in developing challenging and realistic plans.

3. Influence:

Information is power. One purpose of communication is to influence people. The manager communicates to create a good environment, right attitudes, and congenial working relationship. All these are examples of influencing.

4. Problem-solving:

In many cases, communications aim to solve problems. Communication between the management and the unions on some issues (negotiation) is aimed at finding solutions for a problem and to evolve a consensus.

5. Assists in decision-making:

The most important function of every manager is decision-making. In order to make an accurate and appropriate decision, a manager needs to obtain information available through various channels of communication. Here the way decision is communicated will have an impact on the outcomes of the organization in terms of cooperation and support of the people to achieve organizational goals. For arriving at a decision several kinds of communication is needed, e. g., exchange of information, views, and available alternative etc., communication helps a great deal in decision –making.

6. Facilitating change:

The effectiveness of a change introduced in an organization depends to a large extent on the clarity and spontaneity of the communication. Communication between the managers and employees helps in recognizing the difficulties in the planned change, and in taking corrective action.

7. Group building:

Communication helps in building relationships. If communication breaks down the group may disintegrate. Communication provides the necessary lubrication for the proper functioning of a group.

8. Gate keeping:

Communication helps to build linkages of the organization with the outside world. The organization can use its environment to increase its effectiveness.

9. Conveying the right message:

The main object of communication is to convey the right message to the right person, i.e., to the person for whom it is meant. The message conveyed should be well understood and accepted by

the receiver in the right perspective. In other words, it should carry the same meaning which has been conveyed so that it may be translated into act effectively.

10. **Helps in Co-ordination of Effort:**

Communication is an effective tool for co-coordinating the activities of different persons engaged in running a business. Co-ordination without communication is a remote possibility. In organizations, there exist a lot of differences, which are many times formally created by an organization through departments, divisions, delegation, decentralization, authority, and power.

Through various effective communication mechanisms like letters, circulars, meetings conferences, telephone, cellular phones etc., these differences are minimized and activities are properly coordinated to achieve organizational goals. The individuals or groups come to know what others are doing and what is expected from only through communication.

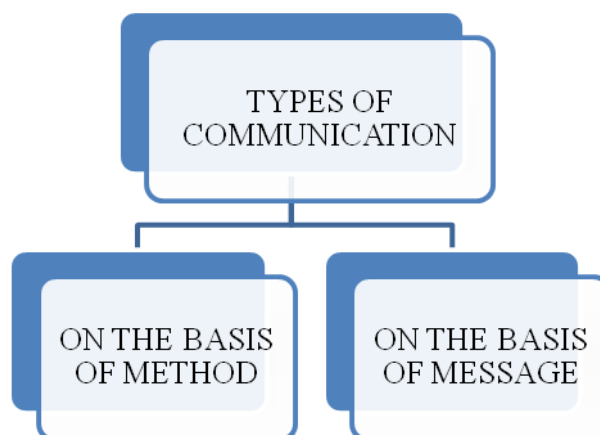
11. **Good industrial Relations:**

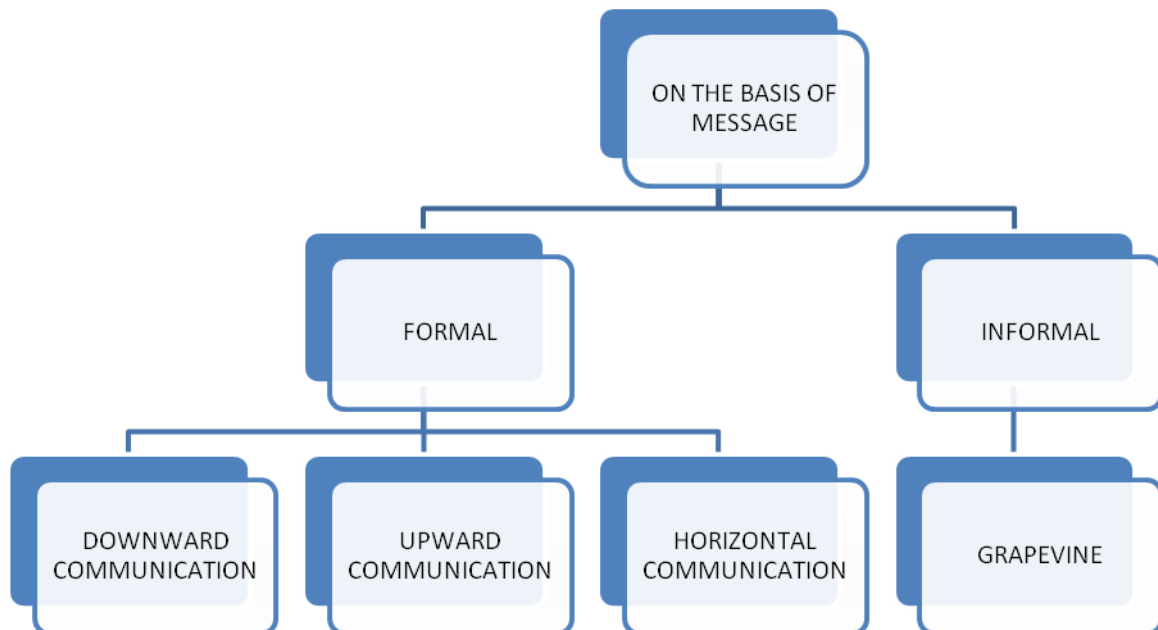
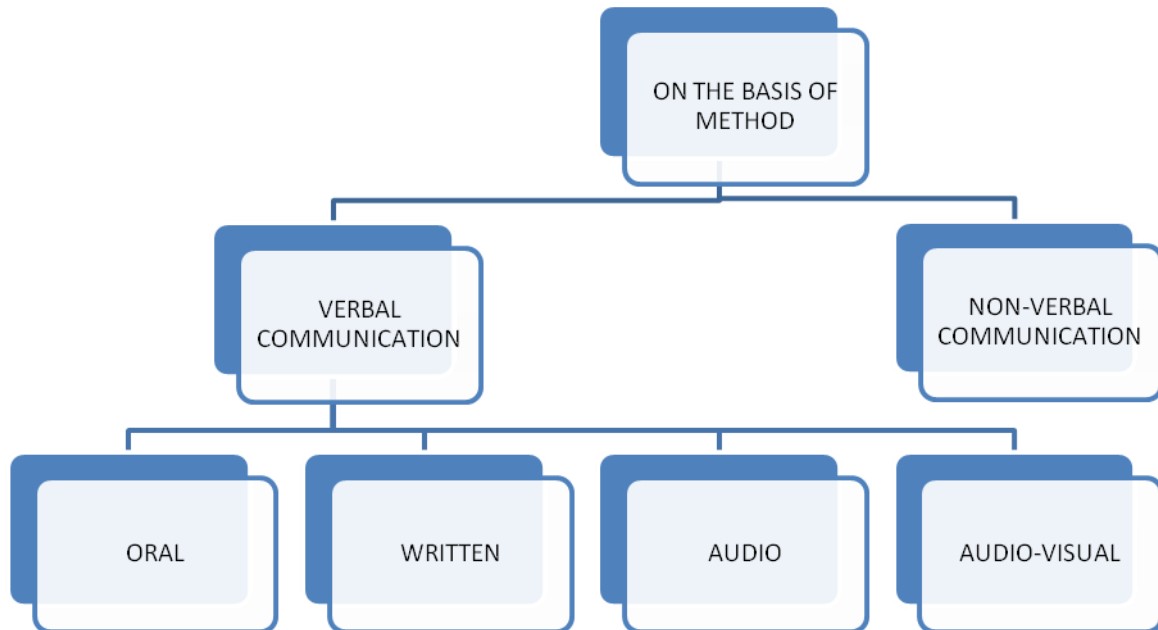
Communication develops good industrial relations as it conveys the feelings, ideas, opinions, and viewpoints of one party to the other parties. The two parties –the management and the subordinates come closer through communication. They understand each other and dispel any misunderstanding. Thus, it promotes cooperation and good industrial relations.

12. **Development of managerial skills:**

Communication helps managers to understand human behaviour at work. Communication of facts, ideas, opinions, information, feelings etc., add value to the knowledge of managers about various happenings, in the organization and behaviour of people. Thus, communication is a process of learning.

TYPES OF COMMUNICATION





Verbal Communication

The word ‘verbal’ means ‘connected with words or use of words’. Words are the most accurate and powerful set of symbols involved in communication. Hence, verbal communication involves a written or spoken message in which words are used to exchange ideas/information. Words

are selected in phrases, sentences, and paragraphs depending upon the results the verbal communication is trying to achieve.

The means of verbal communication are:

- Written communication
- Oral communication
- Visual communication
- Audio-visual communication

1. *Written Communication*

The written form requires the drafting of letters and circulars, proposals, memos and business reports of varying kinds and includes:

- Memo
- Report
- Office order
- Circulars
- Graphs/Charts
- Staff Newsletter
- E-mail
- Fax
- Form/Questionnaire
- Letter
- Notice, Agenda, Notes on Agenda
- Minutes of Meetings
- Advertisement
- Customer Newsletter
- Press Release
- Invitation
- Leaflet/Brochure/Handbills
- Manuals
- Telegram

Advantages and Disadvantages of Written Communication

Written communication has several advantages, although the disadvantages of written communication are equally serious.

Advantages

- i. It allows us sufficient time to plan the document we propose to create taking into account the purpose for which it is being written.
- ii. It also enables us to revise and modify the contents if we find them unsuitable for the recipient from the point of view of clarity or interest.
- iii. To display what we have written, we have a variety of recent and traditional trends to choose from. There is also a scope to use tastefully designed stationery for the purpose.
- iv. The use of headings and bullets enable us to highlight the material for better understanding.
- v. Information in the written form can be filed or retrieved at our convenience. Its permanence facilitates prolonged correspondence.
- vi. It provides us records, references, etc., on which important decisions rest.

Disadvantages

- (i) It takes much more time to compose a message in writing. Therefore it is expensive.
- (ii) It also tends to suffer from the limitations of the sender, like his assumptions or prejudices, and the delayed feedback makes it worse.
- (iii) The inadequacies of the first message may only be revealed when the reply arrives.

(2) Oral Communication

Research studies have shown that **80%** of communication by executives of a company is done in the oral form.

The modes of Oral Communication include:

- Telephone/Mobile phone
- Messages
- Intercom
- Face-to-face discussion
- Meetings/Conferences
- Presentations

- Dictaphone/Dictation
- Conversation
- Radio
- Tape-recorder
- Teleconferencing/Videoconferencing
- Speeches
- Interviews

Advantages and disadvantages of oral communication

As stated earlier, oral communication is the most frequently used means of transmitting messages in business. The reasons for the popularity of oral communication are its advantages. They are as follows:

Advantages

(i) Oral Communication Saves Time:

It is said time is money. Wherever and whenever action needs to be taken instantly or immediately, the best way to expedite action is to transmit necessary messages orally.

(ii) Oral Communication Provides the Opportunity for Feedback and Clarification:

This process of communication helps the sender of the message to clarify each and every point instantly. The receiver, at the same time, can also express his opinion, views or emotions on the spot. He can ask for clarifications wherever required and get himself satisfied.

(iii) Oral Communication Helps to Convey the Message more Appropriately with Suitable Tone, Voice, and Use of Words:

It can instantly make the receiver of the message understand the content of communication and significance thereof assigned to any particular matter of communication.

(iv) Oral Communication is an Effective Tool of Persuasion in Management:

It gives a personal touch to the communication. For this reason, supervisors and executives in all sorts of business enterprises prefer to communicate their views, ideas, and opinion orally.

(v) Oral Communication is very Effective in Communicating with Groups:

It helps the speaker to establish personal contact with a group of people and make them understand his opinion and views at a single point in time. The speaker can also hear about the group's reaction subsequently.

(vi) Oral Communication is Economical also:

It saves man hours to be spent in preparing notes, explanation, circulars, etc. It also saves the stationery of the organization.

(vii) Withdrawal of Oral Communication is comparatively an Easy Task:

There are at times situations in business when oral communication is preferred to written communication for the latter, becomes an official record which can be used as evidence against the person on any legal matters arising later in point of time.

Disadvantages of oral communication

Oral communication is not effective in all situations. Some of its disadvantages are as follows:

(i) Oral communication depends on the mental makeup of sender/receiver:

Its success or failure depends on the mental makeup of the sender/receiver at the time of communication.

(ii) Communication is not a one-sided activity:

It has to be kept in mind that communication is a two-way process. The communicator has to use appropriate words to convey the message and the receiver has to have the ability to react to the message spontaneously to give the feedback. The use of right words especially in oral communication makes the communication more effective.

Saying the right word at the right time to the right person will receive a best possible response from the receiver. It is not what you say but how you say it that matters most in oral communication. Thus, only the right word will get the right response.

(iii) Bad/partial Listening Affects Message:

Oral communication is totally dependent on listening. Therefore, bad or partial listening may affect the comprehension of the message. People, especially in business, should develop a habit of listening to the whole message with meanings, ideas, feelings, intentions, and facts conveyed, including things that are unpleasant and unwelcome.

Moreover, since the feedback is instant the process sometimes becomes extremely lengthy. Some meetings go on endlessly without producing proportionate results.

(iv) There is No Record or Legal Liability:

Oral communication generally has no record or legal liability. Therefore, it is strongly recommended to confirm important oral messages in writing.

(V) *Its Economy is Control Specific:*

The economy of oral communication is dependent on control. Telephone calls, unless kept brief, may also cost a lot of money. Unfamiliar accents and pronunciation caused by regional variations and mother-tongue interference often lead to temporary difficulties for the recipients. In short, it is important to exercise control in order to derive the benefits of oral communication.

(3) *Visual Communication*

Visual communication could be with words or pictures or a combination of both. It includes the following:

- Graphs
- Tables/charts
- Maps
- Models
- Demonstrations
- Slides
- Flipcharts
- Printed/Painted Pictures, Posters, etc.
- The Internet without use of multimedia
- Pagers

Advantages and Disadvantages of Visual Communication

Visual communication is useful for conveying information in a manner that makes the data and any relationship between variables clearer and easier for the receiver to follow. Visuals can be used independently. But maximum benefit can be gained from them if they are used as a complement to the main message because then they are more capable of attracting and retaining the attention of the receiver than speech or written words.

The main advantage of using visual communication is that the message conveyed using these modes is easily remembered by the receiver and it remains in his memory for a longer period too. However, using this mode is also expensive which is its major disadvantage.

(4) Audio-Visual Communication

The rapid advancements taking place in the field of information technology have brought about unprecedented changes in the communication systems the world over. In this scenario, the modes of audio-visual communication assume more importance.

The means of audio-visual communication include:

- Television/video/cable
- Cinema
- The Internet with multimedia
- Video conferencing
- Presentation using visual aids or electronic presentation

The greatest advantage of this model is that it aims at stimulating the senses of both sights and hearing simultaneously and thus enhances the effectiveness of the message. The other advantages are its wider reach and the fact that the message is remembered for a much longer time than it would be if it had been conveyed by any other mode of communication. Here again, the high-cost factor involved is becoming the greatest disadvantage.

Formal Communication

Formal communication refers to official communication which takes place through a chain of commands. It flows in formally established channels & is concerned with work related matters. Members of the enterprise are expected to communicate with one another strictly as per channels laid down in the structure. The formal communication may be divided into three categories which are given as follows:

a) Downward Communication:

Under this system, communication flows from the top management downward to the operating level. It may also be called a communication from a superior to a subordinate. It follows the line of authority from the top to the bottom of the organization hierarchy. Downward communication consists of plans & policies, orders, and instructions, procedures & rules etc.



b) Upward Communication:

It means the flow of information from the lower levels of the organization to the higher level of authority. It passes from subordinate to superior as that from worker to foreman, foreman to the manager, manager to the general manager & so on. This communication includes opinions, ideas, suggestions, complaints, grievances, appeals, reports etc.

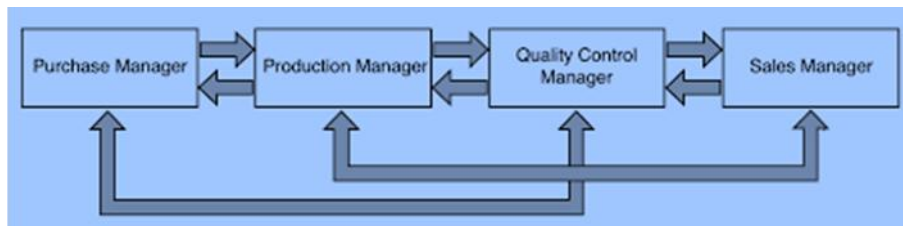
It is very important as it serves as the feedback on the effectiveness of downward communication. Management is able to know how well its policies, plans & objectives are followed by those working at lower levels of the organization. It keeps the management informed about the progress of the work & difficulties faced in performance. On the basis of upward communication, the management revises its plans & policies & makes further planning.



c) Horizontal Communication:

The transmission of information and understanding between people on the same level of organization hierarchy is called the horizontal communication. This type of communication is also known as lateral or sideward or crosswise communication. Usually, it pertains to inter departmental managers working at the same level of organization or among subordinates working under one boss. Horizontal communication speeds up information and promotes mutual understanding.

It enables the managers working at the same level to exchange information and co-ordinate their activities without referring all matters to the higher level of management. The horizontal communication is generally of an informal nature. Whenever a departmental head requires some information from another departmental head, he tends to contact him directly. However, this type of communication can be oral or written.



Informal Communication

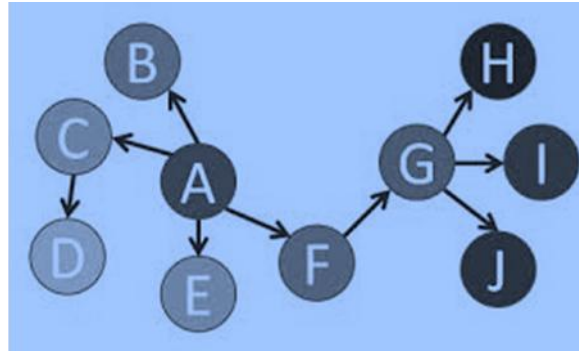
There is also a great deal of informal communication in an organization. This communication flows through informal channels and may or may not be work related. Informal communication cuts through the formal organizational structure. Most of us are familiar with the term ‘**grapevine**’ used to describe a network of informal communication.

Grapevines are present in all organizations. In fact, in large organizations, there are many grapevines moving up, down and across departments. Grapevines flourish because communication is a natural human tendency. People who know each other in the organization talk together informally. One thing they have in common is the organization they work for, so they talk about the happenings in the organization.

Grapevines carry two types of information: work related and people related. Employees want to know what is going on in the organization. When they are not kept informed through formal channels, they seek information from the grapevine. Likewise, they are curious about the people they work with. Grapevine carries the type of personal information not generally communicated through formal channels.

Employees get to know plans, promotions, punishments, etc, much before they are formally announced. Informality, however, reduces the uniformity of communication and sometimes false or distorted news is circulated.

Some employees consider the grapevine their main source of information. It is fast- they get information quickly and more information is given than is normally included in formal downward communications, which are often written and may originate from someone they do not know personally.



MEDIA FOR COMMUNICATION

Medium is the means of transmitting a message. Some media carry written words and/ or pictures/graphics and other media carry the voice. Electronic media can carry both Voice and words.

The message can be transmitted by any suitable medium. Each medium has its own Characteristics, which are advantageous in one situation and disadvantageous in another situation. Each medium makes a different kind of impression and impact on the receiver.

CONSIDERATION FOR SELECTION OF MEDIA

The medium of communication is selected keeping in view the following Considerations:

1. Type of Audience:

If the audience we want to reach is educated, then the written form of communication may be used, but in the case of the uneducated audience, pictures, symbols or voice may be more suitable. Similarly, depending upon who is the receiver, the medium of communication is selected.

2. Need for Secrecy:

If confidentiality is required for the message to be transmitted, it cannot be sent by media like telex or fax, even if the message is urgent. The choice of the media will definitely be influenced by the requirement of secrecy.

3. Need for Accuracy:

Need for accuracy in transmission is not the same for all the messages. The alphabetical data may not need as much accuracy as the numerical data does, so the selection of media to send such data must be done with due consideration.

4. Need for Reliability:

Need for the reliability of the medium is an important factor. Sending a message by hand delivery is more reliable than ordinary mail; similarly, registered post is more reliable than ordinary mail.

5. Speed/ Time Considerations:

The pressure of time and the distance between the sender and the receiver influence the choice of the medium. Media like telephone, telex, fax, and email are the fastest in this case.

6. Cost of the Medium:

Cost of the medium, keeping in view its urgency and relative importance is one major factor to be considered. If the message is not very urgent or important, low-cost media, like the ordinary post, etc. may be chosen.

7. Availability of a Medium:

A particular medium should be available to the sender as well as the receiver for the message to be transmitted. The sender can send the message through telephone only if the receiver has this facility available.

8. Feedback Capacity:

For some messages, immediate feedback is required. In such a case, that medium should be chosen, which has the capacity for immediate feedback, like the telephone.

9. Availability of a Printed (hard copy) for the record:

If a printed copy of the message is required for the record, then the message cannot be transmitted by oral or vocal mediums like a telephone. In this case, letter, e mail or fax may be suitable.

10. Requirement of the Situation:

Sometimes, a particular situation may create the need for a particular medium of transmission. For example, to offer a formal note of thanks or to officially congratulate somebody, a written communication may be more suitable.

11. Intensity and complexity of the message:

Many messages have an emotional content, or may be complex in nature or carry an intense result with them. Care has to be taken while choosing the medium for such messages.

MEDIUM OF COMMUNICATION

(A) Conventional Modes

Media which have been in use for a long time and depend on traditional carriers are called conventional modes. These include the following mediums:

1. Postal mail

2. Courier
3. Hand Delivery
4. Telegraph
5. Telex

Mail

The postal service uses rail, road and air transport, and is usually a government-owned network with links with all other countries. Various types of email services are available: Ordinary Mail, Registered Mail which may include A.D. (Acknowledgement Due), Quick Mail Service (QMS), Express Delivery, Under Certificate of Posting.

Speed post a special service offered by the post office, it ensures delivery of letters and parcels on the same day with in the city, with 24 hours to certain cities in the country and within 48 hours to cities in other countries. This service is not available in all cities. The post office now offers electronic media for new services like hybrid mail in some cities.

Courier

Courier services are private; they collect and deliver packets door -to - the door at any time during the day. Though the cost is high, this is a very quick service for the delivery of letters and parcels. Courier services are limited to the cities where they maintain their network. Their door -to - door service is a great advantage. Courier companies are recognized as commercial companies. Courier services are the modernized, sophisticated form of the messenger or runner of the old days before the postal service.

Hand Delivery

Written messages and documents and parcels can be delivered to the city by an organization's delivery boys. The effectiveness and speed of this method depend on the organization's own system of messengers. It requires a number of employees for outdoor work, and may be expensive; but it ensures prompt delivery is necessary for the record, as the messenger can bring back a signed copy, or an official receipt or a signature in the sender's peon book.

Telegraph

Telegraph is government -owned network in most countries; it has links with all other countries. It works by transmitting sounds in the Morse code. Telegrams can be sent 'ordinary' or 'express'. There is also a facility for the reply -paid telegrams; you can send a telegram and pay for the other party's reply telegram at your telegraph office.

This facility is used to impress upon the receiver that immediate reply is expected. The telegraph office registers special telegraphic addresses for companies, on the application. This address is only one word; the only addition needed is the pin code number. Organizations which receive and send a large number of telegrams thus save expenditure for themselves and their correspondents. The telegraphic address can also be used as a signature of the organization in telegrams.

A telegram is used for external communication for contacting customers, suppliers, traveling salesmen, branches, office etc. A telegram gives an impression of urgency and therefore gets an immediate response. It is used when there is an urgent message to be conveyed or urgent action is required.

This medium's importance has been substantially reduced by fax and mobile phones in large cities, but it has an excellent network which reaches even remote parts of the country where the modern media have not yet reached. Hence, it will continue to be used for a long time.

Telex

Telex (short form of Teleprinter Exchange) is a world -wide teletype service providing instantaneous communication through a direct dial Teleprinter -to -teleprinter system. Messages can be sent and received 24 hours a day.

The system of direct dial teleprinter exchange was introduced in 1958; within ten years it had more than 25,000 subscribers. It enabled subscribers to send message and data directly to each other.

Telex connection is got through the Post Office; each subscriber has an identification code for connection.

(B) Electronic Modes

These are media which transmit signals instantly from any source to any destination in the world by modern electronic technology.

1. Telephone
2. Intercom
3. Cell Phone
4. Fax
5. e-Mail
6. e-Conferencing
7. Tele-Conferencing
8. Internet

Telephone

This form of electronic communication has been around for nearly a century. It is the most useful and universal medium of oral communication with a person who is not present at the same place as the sender. The telephone instrument has evolved, over the years, into very sophisticated forms with many new facilities.

Technological advancement has made the telephone instrument so sophisticated that it is able to provide a number of services. An answering machine can take a message if you cannot answer it. Caller identity device attached to the telephone can show the number from which the incoming call is being made.

Intercom

The intercom is an internal telephone system which allows communication between persons in different parts of a building. It eliminates the need for visiting another part of the office and the need for a peon to carry written notes and messages. Information can be passed quickly from one person to another in the office. Some intercom instruments have the facility to broadcast messages to the entire office over all the internal lines or a particular location on one line.

Cellular Phone

Cellular phone instruments have facilities for storage of numbers, a record of missed calls (calls which were not answered), for receiving text messages, and for receiving information given by the network about the weather, about conditions on the road, and other vital news needed while traveling. The mobile has freed many managers from the confines of their offices as they can be in touch with the office from wherever they are.

It has become possible to contact persons who are traveling or are out in the open. A manager talking business on his mobile while relaxing on a beach may be a depressing sight, but then, he might not have been relaxing on the beach at all but for the mobile, which allows him to stay in touch.

Fax

The facsimile machine is a device for transmitting copies of printed images over telephone lines. The machine is connected to the telephone through a modem (modulator - demodulator). The sender has to dial the receiver's fax number, insert the documents into the machine and press the start button.

The receiving machine decrypts the signals and uses its in-built printer to produce an exact photocopy of the original page. The cost of the printout is borne by the receiver.

Fax permits the quick exchange of information and documents between offices and organization and individuals. Important decisions and instructions can be quickly conveyed to branches and other offices.

Fax is used only for documents which are not confidential. The machine puts a printout which is open and can be seen by any one. However, you can arrange (by telephone talk) to be alone with the machine, when a confidential message is being sent.

E-mail

Electronic mail requires a computer, a telephone line and a modem (if a modem is not in - built in the computer). E-mail does not have incremental costs once an organization has paid the fee for network access. Besides issues of speed and cost, fax only sends a "photo" of the document, while e-mail provides the recipient with text which can be edited by using any word processing program.

Using e-mail for conferencing: An important capability of e.mail is its ability to create an ongoing electronic conference. It works like this: if people interested in a particular topic (like new HR practices, or women's studies or Shakespeare or anything) find that there is interest in an ongoing conference someone with a networked computer in an organization can set up and manage a "list" (using a software program like "listserv" or majordomo or mail serv).

Teleconferencing

Teleconferencing can be defined in several ways but most people agree that it can be defined simply as "bringing people together without having to spend time and money on travel."

Teleconferencing is a rapidly developing technology that has changed the way companies do business.

There are three types of teleconferencing: (a) audio teleconferencing (b) audio graphics teleconferencing (c) Video teleconferencing.

Audio teleconferencing provides the interactive element of the telephone; it is the most frequently used most productive and inexpensive medium. It is also called "phone meeting"; it does not need any special equipment other than the ordinary telephone.

Audio graphics teleconferencing provides the facility to move text, computer –generated image, photographs and large files over ordinary telephone lines (like the Internet).

Internet

The Internet is a worldwide collection of computer networks that co-operate with one another by using a common software standard. It conveys data through satellite links and telephone wires.

The speed of the internet has changed the way people receive information. The size, scope, and design of the Internet enable users to:

- Connect easily to an ordinary personal computer and local telephone line;
- Exchange electronic mail with friends, colleagues, customers (with internet accounts) and also attach files which are on their computer;
- Share business and research data among colleagues;
- Request and provide help with problem and questions;
- Post information for others to access, and update the information regularly;
- Publicize and market goods and services;
- Gather valuable feedback and suggestions from customers and business partners;
- Access multimedia information which includes photographic images, sounds, and video;
- Join group discussions on any subject;
- Subscribe to mail lists on topics of interest and receive views expressed by members of the group on the topic.

MEDIA OF MASS COMMUNICATION

Mass communication is communication from many to many. The messages are prepared by teams (as in newspapers, radio, TV, Cinema) and reach a large number of people all over the world. The distance between the sender and the audience is very massive.

Modes of Mass Communication:

1. Newspapers/Magazines
2. Notice board
3. Radio
4. Television
5. Internet

1. Newspapers and Magazines

Newspapers and magazines are the most common means of mass communication. These media of mass communication are used by business houses for inviting tenders, for recruitment information and other public notices and advertisements.

2. Notice Board

Notice board and bulletin board are media for public communication within the organization. A notice board is placed at a location where it can be seen by persons for whom it is meant. Notice Boards need care and attention. They must be attractively laid out. Overlapping and overcrowded Notice Boards give a very poor appearance and make it very difficult to read. An up to date notice board, which is neatly laid out gives a good impression of the organization.

3. Radio

The radio is a medium of mass oral communication. News, notices, advertisements, and entertainment programs are transmitted to the general public by radio. Like other means of mass media, it allows only one-way communication. Radio was mostly a tool of communication for rural areas; but recently, with the renewal of FM and bands like Radio Mirchi, Red FM, etc, it has once again become popular in cities.

4. Television

Television is a powerful medium of communication. It is the audio visual medium. Its ability to transmit live events as they are going on makes it the most powerful medium for mass communication. With teleconferencing, television can transmit things happening at more than one place at once. A news reader in Mumbai can take the audience to a view of what is happening in Australia or hold a live discussion with a reporter in New Zealand. With the advent of Cable TV and a variety of channels at the disposal of the viewer, TV, known as the Small Screen, has become the most utilized channel for advertisement, news, and entertainment.

Internet

This is the most recent of all the Mediums and is most popularly used in today's globalized scenario. Though, its use is still limited to the educated and computer friendly class of people. The website addresses to be visited are publicized through other media like magazines and newspapers. The Internet is still in the process of being most widely used and a media for mass communication.

ESSENTIALS OF GOOD COMMUNICATION

The key to successful business partly lies in being able to communicate effectively; one should make a conscious effort to master it. Effective communication depends on three things: “Understandable messages, the credibility of the sender, and how the message affects the receiver”. A thorough knowledge of the communication process is a prerequisite to learning effective communication.

The employees in an organization should be aware of various barriers that exist in their way and hamper effective communication. Therefore, they should take conscious and relevant steps to overcome these hindrances and focus on the main objective of communication, i.e., who the communication is meant for and under what circumstances it is being made.

Seven C's of Effective Communication

1. Clarity of expression,
 2. Completeness of information,
 3. Conciseness of message,
 4. Concreteness in presentation,
 5. Courtesy towards recipient,
- Correctness of facts, and
Consideration for the receiver.

(i) Choose the Right Means and Mode:

It is most important to choose the right means and mode of communication. This would depend on the organization, its size, its policy, the cost involved, urgency, distance, resources available, confidentiality, safety, and security, the necessity for the official record of the communication, the recipient and the resources available.

(ii) Own your Messages:

It is important to take responsibility for what we say. It is common to come across instances where the sender chooses vague or general terms to denote the sender. When you state that many shareholders are unhappy with the proposed merger of the company, you may or may not be speaking the truth. You do not specify who those shareholders are.

Therefore, the officials of the company may not accept your statement at face value. Your message may be taken seriously if you are willing to own it. So use personal pronouns to lend credibility to your messages. Long business reports, commercial terms, and conditions or legal

provisions are an exception since they may be drafted using passive verbs and employing a formal tone.

(iii) Offer Complete and Relevant Information:

Messages must offer complete and relevant information in order to become effective. Incomplete information makes it necessary to begin another cycle of communication to issue clarifications.

For example, It is not enough to just say that the register will remain closed from 28th to 30th March. It does not become clear to the receiver which registers we are talking about and why it will be closed. Our message must state clearly that the register of shareholders will remain closed in order to determine the names of the shareholders entitled to receive the dividend.

(iv) Obtain Feedback:

Feedback is the culmination of the communication process. It confirms that the receiver has correctly understood our message. We may get a feedback through an appropriate closing. The closing line of a business letter often invites such a response. When sending out a cheque, we often ask the receiver to acknowledge its receipt. Similarly, we ask the other party to confirm that the appointment is suitable to then for a proposed important business meeting.

(v) Think of the Recipient:

Effective messages are invariably “you-centered”. We do not address the President of our company in the same manner as we speak to a fellow manager. The rank of the former demands careful thought and respect. Familiarity with the latter may make them and we feel more at ease.

For example, A doctor may discuss a case with a specialist in medical terms but switches over to a layman’s language when talking to the patient. A lawyer does not use the legal jargon with a client; he reserves it for the courtroom. Therefore, we must take into account the attributes of the receiver before drafting the message.

(vi) Verbal and Congruence:

As explained earlier, meanings are often communicated in more than one way. For example, our words, as well as gestures, simultaneously send out signals. A message of welcome should ideally be uttered with a smile. Angry words are spoken with a frown. To put it in another way, our words and facial expressions must send out similar messages. A reprimand administered with a smile would send out wrong and conflicting signals. It will leave the receiver guessing whether the sender is actually annoyed or is just pretending to be so.

(vii) Repeat if Necessary:

Repetition is generally avoided in order to save time and space. However, in exceptional circumstances, repetition ensures that the crucial part of the message is not ignored or overlooked. Telegraphic messages, which by nature are brief, often use repetition for good effect.

BARRIERS TO COMMUNICATION

There are several obstacles that tend to distort the flow the messages. Such distortion leads to misunderstanding and frictions among the members of the organization. These barriers do not permit healthy human relationships and they are injurious to teamwork and morale. Therefore it is necessary to analyze and remove the barriers to communication. The various barriers to communication may be described under three heads.

1. Organisational barriers

2. Mechanical barriers

3. Personal barriers

1. Organisational barriers:

Organisational barriers arise due to inadequate or improper policies, rules and facilities regarding communication:

a) Ambiguous policies, rules and procedures

Organisation policies, rules, and procedures lay down the communication channels and the subject-matter of communication. When these policies and rules are not clear, the flow of communication is not smooth.

b) Status patterns

Formal relationships and status symbols highlight the position or rank of individuals. The subordinates become conscious of their distance from the centre of authority and this awareness tends to widen the communication gap between superiors and subordinates. Greater the difference between the hierarchical positions in terms of their status, higher is the possibility of a breakdown in upward communication.

c) A long chain of command.

In a complex organization structure, there are several levels of authority. Formal communication has to pass through this chain (proper channel). As a result, there are delays and distortions in communication. At every level, the message may be twisted or altered intentionally. Such filtering is more common in the case of upward communication.

d) Inadequate facilities.

Inadequate facilities in communication system disturb the flow of communication.

2. Mechanical barriers:

Mechanical barriers arise due to problems in communication channels. These barriers are as follows:

a) Overloading:

When the number of messages is greater than the capacity of the communication channel, there is overloading. This causes delays and breakdowns in communication.

c) Semantic barriers:

Words used to convey messages have several meanings. Sometimes the message is not expressed in clear and precise language. The omission of important details, faulty translation, use of technical language and unclassified assumptions are the main semantic barriers to communication.

d) Noise:

Very often the communication is distorted and misunderstood due to noise in transmission and fault in the instrument.

3. Personal barriers:

Most of the failures in communication arise due to faults on the part of the sender or receiver of the message. The important personal or human barriers are given below.

a) Lack of attention or interest

When the receiver is not attentive to the message, he fails to grasp its meaning. Sometimes subordinates do not want to communicate upward due to the fear that it may displease the superior. Lack of proper attention or interest may arise due to several reasons.

b) Failure to communicate

A manager may fail to communicate effectively on account of various reasons. He may just be lazy or assume that “everybody knows”. He may have the fear that sharing information with subordinates may reduce his prestige and power. He may have little time to talk to subordinates. He may not be aware of the significance of the message for subordinates.

c) **Hasty conclusion**

The receiver may be in a hurry or may by habit jump to hasty conclusions before analyzing the complete message. Such premature evaluation stops the transfer of information and leads to wrong interpretations.

d) **Distrust of communicator**

When the receiver lacks confidence in the competence or integrity of the sender, he may receive the message with doubt or suspicion. Repeated experience of this type makes the receiver to delay or postpone action.

e) **Love for statusquo**

People by nature prefer to maintain the statusquo as change creates uncertainty. When the message tends to disturb the existing state of affairs or it is against the interests of the receiver, it is likely to be resisted and ignored.

Measures to overcome communication barriers:

The following measures may be adopted to overcome communication.

1. **Overcoming personal barriers**

The personal barriers mentioned earlier have to be overcome by individuals by improving their vocabulary power and fluency, gaining self-confidence and so on. For this, they can even undergo a short-term course in communication.

2. **Shorter Communication channels**

A long channel of communication only leads to delay in sending or receiving any information. Further, a long channel gives scope for such problems as filtering. A shorter channel not only helps to avoid delay but also keeps the information intact.

3. **Direct contact**

Wherever necessary, it must be possible to establish direct contact with the employee's shareholders, customers, and creditors and so on. This will provide scope for a personal touch, which is very important for communication to be effective.

4. **Use of electronic devices**

Business communication, in the present days, relies heavily on electronic devices. Every contemporary organization should, therefore, employ all such devices like fax machines, computers, mobile phones, pagers, etc., in addition to the conventional telephone, so as to make the system of communication efficient and effective.

5. Use of grapevine

There is always delay in sending and receiving formal communication. To overcome such a problem, informal communication or grapevine should be used wherever necessary to have quick access to information.

6. Removing mechanical defects

All the mechanical devices used for communication including the telephone should be kept in proper working condition.

7. Feedback

It is a technique used in communication to ensure that the message has been correctly received. The person sending the message can, for example, ask the receiver certain questions pertaining to the the message conveyed to make sure that the receiver has clearly understood the message.

8. Mutual trust

Last, but not the least, effective communication requires an atmosphere of trust and confidence between the superiors and subordinates. Only then any message will be sent and received with a feeling of goodwill.

Points to remember

- Communication means to *create a common understanding*. The word “*Business stands for any economic activity undertaken with a view to earning a profit*”. The communication undertaken in the process of this activity is termed as business communication.
- Communication is a process, requires at least *two persons — a sender and a receiver*— irrespective of the mode of communication.
- **Seven major elements of communication process are as follows,**
 1. Sender
 2. Message
 3. Encoding
 4. Communication channel
 5. Decoding
 6. Receiver

7. Feedback

- **Reading, writing, speaking, and listening** are the four skills of communication
- Communication facilitates all the functions of management including **planning, organizing, instructing, coordinating and controlling**.
- **The importance of business communication** such as
 1. Effective planning
 2. Training and development
 3. Motivation and morale
 4. Coordination
 5. Leadership
 6. Effective control
 7. Sound industrial relation
 8. Corporate image
- **Verbal communication** it means communication through spoken and written words.
- **Formal Communication** refers to official communication which takes place through a chain of commands. It flows in formally established channels & is concerned with work related matters.
- The flow or pattern of communication may be **downward, upward, diagonal or horizontal**
- There is also a great deal of **informal communication** in an organization. This communication flows through informal channels and may or may not be work related.
- **Medium** is the means of transmitting a message. Some media carry written words and/ or pictures/graphics and other media carry the voice. Electronic media can carry both Voice and words.
- **Selection of media must be on**
 1. Type of Audience
 2. Need for Secrecy
 3. Need for Accuracy
 4. Reliability

5. Speed/ Time Considerations
6. Cost of the Medium
7. Availability of a Medium
8. Feedback Capacity
9. Availability of a Printed (hard copy) for the record
10. Requirement of the Situation.

Questions

1. Explain the characteristics of communication.
2. What are the measures can be taken to overcome the communication barriers?
3. What are the advantages of communication?
4. What are the advantages of written communication?
5. What are the advantages and disadvantages of oral communication?
6. Write in detail the types of communication.
7. What are the different types of barriers faced by the person while communicating information?
8. Why is communication so important in a business organization?
9. “Communication is as essential for a business concern as blood and breathing are for life” – Do you agree? Explain.
10. Discuss the general principles of effective communication.

FORM AND STRUCTURE OF BUSINESS LETTERS

LEARNING OBJECTIVE

After reading this chapter, you will be able to understand

- 1. Meaning of Business Correspondence;**
- 2. The importance of Business Correspondence;**
- 3. The various parts of a business letter; and**
- 4. Qualities of good business letter**

INTRODUCTION

In our day to day life, we exchange our ideas, thoughts and other information with our friends, relatives, and other people. Sometimes we directly talk to them and sometimes we also write letters to them. In letters we express our feelings in a few words, we may ask for any information or we may write about a complaint in connection with our problems. Similarly, businessmen also exchange ideas, information by writing letters. They communicate business information to customers, suppliers, and others and at the same time receive a variety of letters from them. Nowadays business operations are not restricted to any locality, state or nation. Today production takes place in one area but consumption takes place everywhere. Since the businessmen, as well as customers, live in far off places they don't have sufficient time to contact each other personally. Thus, there arises the need for writing letters. In the past, the situation was not so. Business letters were not essential in olden days. But now the importance of letters has increased because of the vast expansion of business, increase in demand as well as the supply of goods.

MEANING AND DEFINITION FOR BUSINESS WRITING

Business Letters are also called Commercial Letters. Letters form the most important form of business correspondence. There are various kinds of letters following in and out of a business organization. The simple reason is that the organization has to keep in touch with the world outside that comprises its suppliers, customers, government departments, banks, insurance agencies, transporters, job-seekers and so on. Then there are different occasions/contexts for which suitable letters have to be written. The writers of the letters are in different departments of the organization. In a way, every letter is a unique piece of communication. And yet there are certain time-honored

conventions/ ways of writing that are supposed to be followed. Over the years quite some changes in styles of writing have been introduced by imaginative writers. Even then the basic aims remain the same. A systematic study of the art of letter writing requires that we classify them according to their functions, structure, tone, and approach.

IMPORTANCE OF BUSINESS CORRESPONDENCE

Nowadays business operations are not restricted to any locality, state or nation. Today production takes place in one area but consumption takes place everywhere. Since the businessmen, as well as customers, live in far off places they don't have sufficient time to contact each other personally. Thus, there arises the need for writing letters. In the past, the situation was not so. Business letters were not essential in olden days. But now the importance of letters has increased because of the vast expansion of business, increase in demand as well as the supply of goods. Let us learn about the importance of business letters.

(i) Help in maintaining proper relationship

Nowadays business activities are not confined to any one area or locality. The businessmen as well as customers are scattered throughout the country. Thus, there is a need to maintain the proper relationship among them by using appropriate means of communication. Here business letters play an important role. The customers can write letters to the businessman seeking information about products and businessmen also supply various information to customers. This helps them to carry on business on the national and international basis.

ii) Inexpensive and convenient mode

Though there are other modes of communication like telephone, telex, fax, etc. but business information can be provided and obtained economically and conveniently through letters.

iii) Create and maintain goodwill

Sometimes business letters are written to create and enhance goodwill. Businessmen at times send letters to inquire about complaints and suggestions of their customers. They also send letters to inform the customers about the availability of a new product, clearance sale etc. All this results in cordial relations with the customers, which enhances the goodwill of the business.

iv) Serves as evidence

We cannot expect a trader to memorize all facts and figures in a conversation that normally takes place among businessmen. Through letters, he can keep a record of all facts. Thus, letters can serve as evidence in the case of a dispute between two parties.

v) Help in expansion of business

Business requires information regarding competing products, prevailing prices, promotion, market activities, etc. If the trader has to run from place to place to get information, he will end up doing nothing. It will simply result in loss of time. But through business letters, he can make all inquiries about the products and the markets. He can also receive orders from different countries and, thus enhance sales.

STYLE AND ART OF BUSINESS WRITING

As a significant form of written communication, a business letter is supposed to have a layout that impresses. Its physical appearance, that includes the quality of the paper, the arrangement of the types/ printed matter, the way it is folded and kept in the envelope, the envelope itself with the addressee's name and address and stamping – everything communicates and passes through the receiver's mental filter. It, therefore, cannot be taken casually. As has been well said, a letter's appearance is a part of its message. That is why most reputed companies choose the best quality stationery and send out carefully written letters.

Appearance of a Business Letter

A letter makes a visual impression before it is read, and the first impression is often decisive. The appearance of a letter depends on all the things that make up the letter:

- Stationery should be of good quality.
- The printers and typewriters must be maintained well so that there is no dirt or dust when the letter is to be printed.
- Good quality carbon paper must be used to make copies.
- Typing must be neat with equal spacing between words and between lines. The letter should be placed carefully on the page, leaving proper margins on both sides.
- Paragraphing should be done for breaking up the letter into readable, progressive and logical units as well as to create a pleasing appearance.
- Folding of the letter must be neat. It makes a poor impression if it is badly folded.
- The size of the folded letter must be such as to fit in the envelope leaving enough space for cutting the envelope open.
- Address on the envelope should be typed clearly. It should be typed half way down and one-third inward from the left to ensure that the post office stamping does not efface it.

Stationery

Most organizations keep standard stationery required for their correspondence. The sizes of the sheets and envelopes are standard, but some organizations have distinct sizes. The quality of the stationery, the designing of the letterhead, the layout and printing together make the first visual impression on the receiver.

- **Letterheads:**

Letterheads can be got in several sizes. Most companies have letterheads of standard size. The appearance and quality of the letterhead should be good and impressive.

- **Continuation Sheets:**

A continuation sheet is used if a letter does not fit in the single sheet of the letterhead. The continuation sheet must be of the same size and quality as the letterhead.

- **Envelopes:**

Companies have envelopes of various sizes for use according to the size of the material to be dispatched. The company's name and address should be printed on the envelopes. The quality of the paper and the color must match those of the letterhead. Window Envelopes have a transparent panel in the place where the receiver's address is to be written so that it can be seen through the window of the envelope.

PARTS OF A LETTER

1. *Heading:*

The heading is printed on the top of the letter and is also called 'letterhead'. It contains the name of the firm/company, its emblem, postal, telegraphic and email address as well as telephone numbers. It is usually given at the top centre or top right side of the paper.

Example:

SUMERU SOFTWARES LIMITED

Regd. Office 13, Udaipura Estate, Jayanagar, New Delhi-110027

Email: sumerusoftware@yahoo.com

Phone: 011-5698007, Fax: 011-5698108

2. *Reference Number:*

Every business letter usually carries a reference number to which the receiver may refer in all future correspondence. It serves the useful purpose of quick reference and linking up the chain of letters going out of the organization or identifying the memos issued by a department within the

organization. *Example:* The reference number may look like this: - Ref: 25/PD/67 In this reference number '25' stands for the number given to the department 'PD' is a code for the personnel department and '67' is the number allotted to the person addressed.

Date:

The date of the letter is of crucial importance. Every official document must be dated. The date provides an important reference in further correspondence. It is usually written on the right-hand side, parallel to the reference number as shown below:

25/PD/67 June 18, 2006

Abbreviated forms of the date such as 18.4.2003 or 04.18.2003 or April, 18.03 or 18 April, 03 should be avoided as they do not leave a good impression on the mind of the receiver. The practice of writing ordinal numbers 1st, 2nd, 3rd, etc. has fallen out of use.

Inside Address:

It contains the name and address of the organization or the individual to whom the letter is being sent (receiver). It should be written below the Reference Number line, leaving some space. It should be complete and can be written in either of the two ways (indented form and block form) as shown:

(a) Bharat Engineers Ltd,
Shivaji Road Crossing,
National Highway 5, Gurgaon,
(Haryana)

(b) Kalindi Fertilizer Ltd
Bhiwadi Road Crossing
National Highway 2, Gurgaon,
(Haryana)

Mode of address

Addressing individuals: If the letter is being sent to an individual we have to be sure about the prefixing of the addressee.

- (i) 'Mr' or 'Shri' is used for addressing a man.
- (ii) 'Miss' is used for an unmarried woman.
- (iii) 'Mrs' or 'Shrimati' is used for a married woman.

(iv) 'Ms' is used for a woman whose marital status is not known. Most women now prefer the use of 'Ms'.

(v) 'Messrs' is a plural for 'Mr' and is used while addressing a partnership firm. It can best be used when the name of the firm contains the personal name of names as, for example.

Messrs. Rama Bros.

Messrs. Lal Chand & Sons

Messrs. Roop Lal & Co.

Messrs. Chandra and Chandra.

(vi) Titles/ranks such as 'Colonel', 'Professor', 'Doctor', 'Reverend' etc are used as follows

Col. R.L Bhatia

Capt. R.N. Nagesh

Prof. M.L. Rana

Dr. P.K. Gupta

Rev. P.T. Joseph

Padmashri R.S. Lagani (not Padmashri Mr. R.S. Lugani)

Maj Gen. D.K. Patil

Flt. Ltd. G.S. Cheema

Maj Gen (Miss) GA. Ram

Dr. (Mrs.) S. Rawat

(b) Addressing by designation:

When a particular person is addressed by his designation, 'Mr.' or 'Messrs' (in the case of a limited company) is not used.

The Personnel Manager

Larson and Turbo.

Attention line

Attention line is used only if, from previous communication, you know the name of the person in the organization who is handling the matter about which you are writing. The letter is

addressed to the organization, but directed to the attention of the individual, by name, so that the letter is sent to that person without delay.

The Attention line is placed between the inside address and the salutation, either at the margin or in the centre. It does not affect the salutation. The salutation must match the first line of the inside address, e.g.,

Mohan Filter Manufacturers

Sir Dadabhoy Naoroji Road

Mumbai 400 001

Attention: Mr. M. Patel

Subject line

Subject line gives a brief and quick indication of the subject of the letter. It adds to the clarity of the letter, especially if the letter is long. It helps to classify and file the letter. It is placed either above or below the salutation at the centre; in full block form, it is placed at the left margin. When there is an Attention line, the Subject line is placed after the Salutation.

It is introduced by the word Subject: or Sub. Or the Latin word Re: for example:

Subject: Your insurance policy no. 887365

Dear Sir,

Or

Gentlemen:

Sub: Your order no. YA-42

(Re is a Latin word which means "in the matter of" or "in the case of"; it is not the short form of any English word; it is not correct to write ref. or reg. for the subject line.)

In more modern practice, the subject line is placed at the margin below the salutation, without any introductory word. It may be in capitals or initial capitals and underlined; e.g.

Dear Mr. Bhalla

ORDER NUMBER 5476

Salutation

The Salutation begins at the margin, two line spaces below the inside address. It is followed by a comma. In American practice it is followed by a colon; in full block style, it has no punctuation

mark. The salutation matches the first line of the inside address. If the letter is addressed to an organization, the salutation is plural: Gentlemen or Dear Sirs or Sirs.

If the letter is addressed to a particular official mentioned only by designation, e.g., "The Sales Manager" the salutation is singular: Sir or Dear Sir. If the official is a lady, the salutation is Madam or Dear Madam.

It is quite common, now, to address business letters to an official by name and designation, e.g., Mr. A.P. Shah, Sales Manager, or Ms. Tina, Finance Manager.

Complimentary Close

The complimentary close is written two line spaces below the last line of the text of the letter; it is placed on the left and is followed by a comma. The first word begins with a capital letter.

The most common form is Yours faithfully; other common forms are: Faithfully Yours, Yours truly, Truly Yours. If the addresses name and is used in the salutation, the complimentary close is "Yours sincerely", or" Sincerely yours". Respectfully is used only when writing to a high public official.

Signature

The signature is placed just below the complimentary close. The name of the signatory is typed in brackets three or four line spaces below (to leave space for the actual signature), and the designation/title is typed below the name. The complete signature includes the name of the company, either above or below the name and designation of the person who signs; but many companies do not put the company's name in the signature as it is already in the heading.

The following styles are in common use:

Yours truly	Yours truly
ABC Publishers	(Manan Lamba)
(Manan Lamba)	Sales Manager
Sales Manager	ABC Publishers

Reference section

The reference section includes enclosures, names of "to receive copies", the type of delivery service to be used and initials of the persons who dictated and typed the letter. Most of the details are for the convenience of the dispatch department. They are placed at the left margin after the signature.

(a) **Enclosures:**

Enclosures are related documents sent with a letter; cheques, quotations, brochures, price-lists, etc, which have been mentioned in the letter are sent as enclosures. They are folded and placed behind the letter in the envelope. If there are many enclosures, they are numbered and placed in the order of their serial number. The enclosures are indicated in the letter by writing Enc(s) or Encls at the bottom corner of the letter, after the signature. If there is more than one, the number is also indicated, e.g. Encls: 2. Sometimes the enclosure is named, e.g. Encls: proforma invoice.

(b) **Courtesy Copies:**

When a matter concerns more than the two parties, a copy of a letter related to the matter is sent for information to the other parties who are concerned. This is indicated by writing:

c.c.: Mr. B.C. Sethi

Or

c.c.: 1. Mr. B.C. Sethi

2. Accounts Manager, ABC Transport Service

Note that, cc also stands for "carbon copy."

(c) **Delivery service:**

The type of delivery service to be used is indicated as Air Mail, Registered Mail, Express Delivery, Hand Delivery, Courier, Fax, etc.

(d) **Initials:**

The dictator's and the typist's initials are placed at the bottom. This is for future reference in the sender's office; the person who prepares or dictates a letter is not necessarily the person who signs it. The letter may be dictated by a senior clerk or a junior officer; it will be signed by the manager or a person who is authorized to sign for the company.

Post script - This is required when the writer wants to add something, which is not included in the body of the letter. It is expressed as P.S. For example,

Format of a Business Letter

Tel.	Name of the firm	E-mail:
Fax.	Postal Address	Website:
Ref.		Dated:

To
Name and address of the person to whom letter is sent

Subject:

Salutation,

Opening part _____

Main part _____

Concluding part _____

Complementary close
Signature
(name)
Designation

Enclosures
CC-
PS-

P.S. - In our offer, we provide two years warranty.

Points to remember

- Correspondence plays an important role in our daily life. It is the means through which we exchange our ideas, thoughts and other information with our friends, relatives, and other people.
- Business operations are not limited to any locality, state or nation. Since businessmen live at distant places they do not have sufficient time to contact their customers personally. This difficulty has been overcome by writing letters.

- **The importance of Business letters**

- (i) It helps in maintaining a proper relationship
- (ii) It is the inexpensive and convenient mode of communication
- (iii) It creates and maintains goodwill
- (iv) It serves as evidence
- (v) It helps in expansion of the business.

- **The essential qualities of a Business letter are:**

Inner Qualities

Simplicity

Clarity

Accuracy

Completeness

Relevance

Courtesy

Neatness

Outer qualities

Quality of paper

Colour of the paper

Size of the paper

Folding of letter

Envelope

- **The essential parts of a Business letter are**

- (i) Heading
- (ii) Date
- (iii) Reference
- (iv) Inside address
- (v) Subject
- (vi) Salutation
- (vii) Body of the letter
- (viii) Complimentary close
- (ix) Signature
- (x) Enclosures
- (xi) Copy circulation
- (xii) Post script.

Questions

1. Describe the qualities of a good business letter.
2. What is commercial correspondence?
3. What are the functions of business letter?
4. What are the parts of a business letter?
5. Bring out the importance of a business letter.
6. State the features of a business letter.

LEARNING OBJECTIVE

After reading this chapter, you will be able to understand

1. Introduction to business letters
2. Different kinds of business letter
3. Letters regarding with Recruitment process
4. Letters regarding with Purchase order and Status
5. Letters regarding Enquiries and Replies
6. Letters pertaining to claims and adjustments
7. Letters pertaining to collection of debts
8. Letters that circulated to spread the information to stakeholders
9. Circumstances to write this kind of letters

INTRODUCTION

Every business, whether big or small, has to maintain contacts with its suppliers, customers, prospects, government departments and the like. In this regular work, a businessman has to exchange information of varied types with different parties. Making and / or soliciting enquiries; placing orders for goods; acknowledging and executing orders; granting or applying for credit; sending statements of accounts to debtors; requesting for settlement of accounts; complaining about delay mistake in supply of goods; Making adjustments for customer' grievances; canvassing for the firm's new lines of goods or ideas; and a lot of such matters require communication. Included in this list is also the correspondence with government departments, such as the tax section of the local government, sales –tax and income tax offices, etc.

In the case of a small business, letter writing may be less important, but it is not unimportant. As and when the business expands, its activities increase, as also the number of its suppliers and prospects. It is difficult to maintain personal contact with all these persons and institutions, particularly if the geographical distance between the firm and these outsiders widens. The best method for all these persons/institutions to contact each other is correspondence – the written communication.

Kind of a letter

Broadly speaking, letters can be classified as personal and non- personal letters. Personal letters are informal and are written to exchange news or to seek favours. Letters to relatives and friends are personal. Personal letters are written in a friendly, informal style.

Kind of a business letter

For the sake of convenience we can divide business letters into the following kinds:

1. Application letters:
2. Interview letters, references, testimonials, letters of appointment, confirmation, promotion, retrenchment, resignation
3. Enquiries and replies
4. Orders and execution
5. Credit and status enquiries
6. Complaints and adjustments
7. Collection letters
8. Circular letters
9. Sales letters
10. Bank correspondence
11. Insurance correspondence
12. Import-Export correspondence
13. Agency correspondence
14. Agency correspondence
15. The correspondence of a company secretary
16. Correspondence with State and Central government
17. Letters to press

APPLICATION LETTER

The resume and application letters are written forms you are most likely to use while seeking a job and finding a job most certainly will be among the important activities of your life. A Job-Application has many similarities with a Sales Circular. This is not surprising. When we write to a prospective employer, we are offering our skills and expertise for a price. Therefore, every position demands a carefully drafted application with a suitable resume to enclose or furnish for the interview.

While resume contains most of the factual information about the applicant, the application or the covering letter reveals the profile of the applicant. If it is cleverly drafted, it may increase the chances of crossing the first hurdle.

Organizations may advertise the positions lying vacant with them. Some of them either maintain their own databank or rely upon those kept by placement agencies to call suitable candidates at the time of need. It is also becoming common for organizations these days to receive the Curriculum Vitae (CV) by fax or email. Some websites offer job-related services where one may submit details online for getting a position of one's choice.

One can get a job without applying for in writing. For example, you can get a job through campus recruitment, an employment agency or a company's employment office. But when you cannot find a job through these routes you are likely to apply for jobs by using resume and letters. Actually, preparing a resume and writing an application letter is very much like preparing a sales letter. Both situations involve selling. In the latter case, you are selling a product or service; whereas, in the former, you are selling your skills, expertise and qualifications and your strengths and weaknesses and your ability to perform well.

Applications may be drafted in response to advertisements or they may also be submitted unsolicited. One may write a comprehensive application, which contains all the details about one's education and experience and does not require a separate CV.

Your resume should:

- Mention career goals and specific job objectives.
- Reveal your adequate knowledge about the company being approached.
- Explain how your qualifications and experience are suitable for the job you are seeking.
- Give evidence of excellent writing skills.

RESUME

A resume is a record of one's personal and professional details. It may be enclosed with the application for a job, may be handed over to a placement agency for storing it in their data bank or may be uploaded on various websites providing jobs. Terms like *Bio-data*, *Curriculum Vitae* or *data sheet* are also used to describe documents through which one may provide information about oneself—mainly one's education and work experience. Help is also at hand in the form of professional agencies and templates in word processors.

A good resume should not be very long. While one page is ideal, one should never let it go beyond three pages. Personal details, like age, sex, race or nationality are looked down upon these days and are therefore optional. Minor details should be omitted to make room for achievements and skills. One should be neither modest nor boastful. The choice of good quality paper is essential. The judicious use of white space in margins and between paragraphs improves the display. Using a word processor with the letter-quality printer is desirable.

The following details are common to all types of CVs/Resume:

(i) Personal particulars

(ii) Academic qualifications

(iii) Additional qualifications

(iv) Experience:

- Functional: emphasizing the skills and talent of the applicant
- Chronological: emphasizing work experience, listing job descriptions;

(v) Additional information may include languages known, anything worth mentioning, etc.

(vi) References.

A variety of resume formats is available in books, on websites offering jobs and in the form of templates in word-processors. Usually, heading, contact number, job objective, education, experience, personal details, special interests and references form the content of a resume.

Comprehensive Application Letter

Sector 17, House No. 1120,
Chandigarh.

7 July 2011

The Manager (Human Resources)
GE Services
Sector 18, Goregaon-422 015
Mumbai (India)

Dear Sir.

I am responding to your advertisement in the Ascent columns of The Times of India of 5th July seeking Secretarial Officers for your company. I wish to be considered for the same position.

I passed my Senior Secondary examination in Commerce stream from Mount Carmel School, New Delhi in 2004 scoring an aggregate of 89%. I joined B.Com (Hons.) at Sri Ram College of Commerce, Delhi University, in the same year, and simultaneously enrolled for the Foundation Course of The Institute of Company Secretaries of India. In 2009, I was accredited as a qualified Company Secretary and joined the Secretarial Department of MN Udyog Ltd.

My company gave me intensive on-the-job training for six months in Secretarial and Legal functions at the end of which I was absorbed as a Junior Secretarial Officer. My duties include share transfer and transmissions, filling and filing of statutory forms and returns, maintaining statutory registers, etc. I have been working for two years now and feel the time has come for me to accept wider responsibilities. I can provide names of referees, if you wish to know more about me.

My present annual package including perks is approximately, Rs. 5 lacs. I hope for a reasonable increase.

I look forward to an opportunity for a personal interview where I can explain my credentials in detail.

Yours faithfully,
Ms. Abisha Easther Jansi Rani

Alternatively, one may prepare a Bio-data, CV or Resume and enclose it with a covering letter. The three terms are loosely used as synonyms but there are finer differences (see box after CV). A separate covering letter enables us to focus on information not contained in the CV and may be used to buttress one's claim *vis-a-vis* other candidates.

Curriculum Vitae

Name : Karan Madan
Date of Birth : 8 May 1982
Nationality : Indian
Permanent Address : 13 Pusa Road, New Delhi-110005
Telephone : (91-11)525 8467
Email : karan-madan@usa.net
Work Profile : Since January 2004, I have been working in the Examinations Unit of a foreign mission as an Assistant Manager. The competencies essential to my present job are: Public Relations, excellent Oral and Written Communication skills, Office and Financial Management, and ability to work under pressure and meet deadlines.

I am involved with the promotion and conduct of examinations administered in India by my employer. My responsibilities cover conducting Open House sessions and promotional write ups in the Newsletter, organizing presentations in-house and at corporate offices, organizing training programmes for our clients.

Education : 2006, Diploma, Public Relations and Advertising, YMCA Education Center, New Delhi. 2004, Certificate in German as a Foreign Language, Deutschen Volkshochschule, Munich, Germany.

2003, B.A. Honours, Hindu College, University of Delhi, Delhi - 110007.

2000, *All India Senior School Certificate Examination*, Mont Fort School, New Delhi.

Computer : I am conversant with the MS Office Package, and am comfortable using MS Word, MS Excel, MS Outlook, MS Access, MS Power Point and MS DOS.

Languages : I am fluent in English, Hindi, German and Punjabi language.

Interests : I enjoy Indian and Western classical music.

References : 1. C.G. Aggarwal, Manager HR Grassim India, 7, M.G.Road, Bangalore.

2. Mr. J. Chaturvedi, Reader, Hindu College, Delhi -110007.
(KARAN MADAN)

Specimen Job Application

The Manager (HR) 18 April, 2012
Corporation Bank
Mangaladevi Temple Road
Mangalore-575 001

Dear Sir

IT CONSULTANT

Your advertisement in the Deccan Express of 16 April 2012 about the position of an IT consultant in your bank has interested me. I wish to be considered for the same position.

Information about my graduation in Science, and the Computer courses that followed is contained in the enclosed resume. What I wish to add is that I have a special interest in building security systems for a safe and reliable automated banking system. My stint at Siemens gave me useful experience in this area, which may be put to use in expanding your operations.

I hope you will give me an opportunity to talk about myself in greater detail during the personal interview. I look forward to meeting you soon.

Yours faithfully
Abhinav Arora

Encl: Resume

Resume

Ms. ANU GARG

S-36, Sector X, Noida (U.P.)
Telephone: 914-34644 (Res.)
3346219-20 (Off.)

Objective

The position of Company Secretary in a company with a vision.

Education

- ACS, The Institute of Company Secretaries of India, New Delhi, June, 2010.
- L.L.B. Faculty of Law, University of Delhi, 2008, II Division.
- B.Com (Hons.), Hindu College, University of Delhi, 2004, I Division.

Experience

Assistant Company Secretary, Grasim India Ltd., July, 2010 onwards. Job profile involves Secretarial work, Taxation, Excise and Network marketing.

Personal Qualities

Interests : Mountaineering, reading, legal counseling.
Membership : Association of Practicing Secretaries of India, Indian Law Society (Professional). Indian Mountaineering Association (Personal).

References

Will gladly furnish personal and professional references on request.

(ANU GARG)

The essential points which the employer would want to know are:

- The job you are applying for – since the company may have advertised a number of different vacancies at the same time.
- Age, nationality and marital status.
- Educational background reached.
- Professional training, diplomas, certifications undergone.
- Extra attributes or interests that make your candidature suitable in connection with the job.
- Reasons for wanting to leave your present employment.

Interviews

Some companies prefer to conduct initial interviews telephonically to shortlist candidates for the final interview. If an interview letter is required, it should contain information about the position applied for, date, time and venue of the interview. If the prospective employer wishes to examine the original certificates of the candidate, then a mention can be made in the letter. Outstation candidates also like to know whether their expenses on travel and stay will be met. Interview letters should give sufficient notice to the candidates to enable them to confirm their attendance.

Specimen Interview Letter

AB&C Pvt. Ltd.

Ansal Chambers, 7, Asaf Ali Road, Delhi-110006

Telephone: 3361357, Fax: 3361653

Website: <http://www.fc.com>

PUN/16/(P)

21st May, 2012

To,
Ms Anshu,
(-address-)

Dear Anshu,

Please refer to your application for the post of Manager Projects in our company. You are invited to attend a personal interview with our General Manager on the 14th of June, 2012 at 3 p.m. in our corporate office which is located in Ansal Chambers, DLF Plaza, Gurgaon.

We regret to inform that we do not reimburse the traveling expenses of the local candidates.

Please confirm telephonically that this appointment suits you.

Yours sincerely,
Sd/-
Manager - Human Resources

Short-listing Candidates

Companies may shortlist candidates for absorption at a later date if they are unable to find a suitable position for them at the time of interview. In such cases, their details are stored in the databank and a polite letter is addressed to them.

Example:

Dear Vivek,

We are pleased to inform you that you have been shortlisted for an offer of appointment in our company as soon as we can find a position in keeping with your qualifications and experience.

We thank you for evincing interest in our company and hope you will soon be a part of our organization.

Yours sincerely,
Manager - Human Resources

Letters of Appointment

Initial intimation of appointment may be given through a brief provisional letter. But the final document must be drafted carefully as the employment is governed by the terms stated in it. It should stand the test of law. The terms and conditions should be explicitly mentioned, and offer of an appointment made subject to the acceptance by the candidate. A worker may seek reinstatement in a Labour Court if the employer acts against the terms of appointment. The executives, who are governed by a “*Master-Servant*” relationship, can only seek damages in the event of a *mala fide* dismissal.

The provisional letter of appointment intends to prepare the candidate for the detailed letter that follows. It may read like the following:

Provisional Letter of Appointment

Dear Vivek

Please refer to your application and the subsequent interview for the post of a Systems Manager in IBM (India) Ltd.

We are pleased to inform that you have been selected for the position. A detailed letter will be mailed to you soon.

Yours sincerely
Manager - Human Resources

Terms of Appointment

Detailed offers of appointment normally mention terms of appointment and seek the acceptance of the selected candidate. It is advisable to insert clauses which anticipate organizational changes and protect company's interests. But terms, which are one-sided to the extent of being inimical (*unfavorable or harmful*) to candidate's interests may not be received well. In fact, a good candidate may even turn down the offer. Therefore, a balance must be maintained.

[Letterhead]

Ref. No:

Date:

To,

Mr. Akhshay Mittal

(-address-)

SUB: Appointment Letter

Dear.....

Please refer to our earlier letter of 11th November 2011. As stated earlier, we will be pleased to hire your services as a Systems Manager if you accept the following terms and conditions:

1. Place of operation: Your initial place of work will be at Hyderabad. However, you may be assigned to any location in India or overseas. On transfer, the rules, regulations and conditions of service applicable in that location shall apply on you.
2. Remuneration: You will be paid a monthly basic salary of Rs. 43,000/- plus perks and allowances as per company rules. The salary will increase after annual reviews. You will be paid an extra allowance in US \$ to cover your expenses when assigned duties abroad.
3. Duties: You will be responsible for the erection, upgradation and maintenance of all systems in use in the company and will report to the Director (Technical).
4. Probation: You will be on probation for a period of six months, which may be extended at the discretion of the company. At the satisfactory completion of Probation, you will be confirmed in writing.
5. Confirmation: During the Probation, either party may terminate this contract by giving a one month's notice or salary in lieu thereof. Post confirmation, the notice period will be three months or salary in lieu thereof.
6. Terms of leave: Unauthorised absence from duty or violation of company rules, procedures and policies as laid down from time to time may invite disciplinary action, including termination of services.
7. Retirement: You will retire at the age of 60 years or till such time you remain medically fit. Post retirement you will receive cash benefits and a medical insurance cover.

Please sign a copy of this letter and fax it to 040-7865479 in acceptance of the terms and conditions and report to the Human Resource Manager on 20th November 2011 at 9.30 a.m.

We welcome you to ABC (India) and wish you a successful career.

Yours sincerely
Manager - Human Resources

[Letterhead]

Ref. No:

Date:

To,

Mr. Akhshay Mittal

(-address-)

SUB: Appointment Letter

Dear.....

Please refer to our earlier letter of 11th November 2011. As stated earlier, we will be pleased to hire your services as a Systems Manager if you accept the following terms and conditions:

1. Place of operation: Your initial place of work will be at Hyderabad. However, you may be assigned to any location in India or overseas. On transfer, the rules, regulations and conditions of service applicable in that location shall apply on you.
2. Remuneration: You will be paid a monthly basic salary of Rs. 43,000/- plus perks and allowances as per company rules. The salary will increase after annual reviews. You will be paid an extra allowance in US \$ to cover your expenses when assigned duties abroad.
3. Duties: You will be responsible for the erection, upgradation and maintenance of all systems in use in the company and will report to the Director (Technical).
4. Probation: You will be on probation for a period of six months, which may be extended at the discretion of the company. At the satisfactory completion of Probation, you will be confirmed in writing.
5. Confirmation: During the Probation, either party may terminate this contract by giving a one month's notice or salary in lieu thereof. Post confirmation, the notice period will be three months or salary in lieu thereof.
6. Terms of leave: Unauthorised absence from duty or violation of company rules, procedures and policies as laid down from time to time may invite disciplinary action, including termination of services.
7. Retirement: You will retire at the age of 60 years or till such time you remain medically fit. Post retirement you will receive cash benefits and a medical insurance cover.

Please sign a copy of this letter and fax it to 040-7865479 in acceptance of the terms and conditions and report to the Human Resource Manager on 20th November 2011 at 9.30 a.m.

We welcome you to ABC (India) and wish you a successful career.

Yours sincerely
Manager - Human Resources

Confirmation of an employee: On successful completion of the probation period the employee is to be explicitly informed about his confirmation in the organization. This can be done by writing a confirmation letter to the employee.

Specimen Letter of Confirmation

Date: 10th January, 2012
Abhay Sakhuja
Customer Service Department
Pune

Dear Abhay,

On successful completion of your probationary period on 9th January, 2012, I feel pleasure in confirming your appointment with us for the post of Relationship Manager in Middle management band, effective from 10th January 2012.

Yours sincerely,
Manager - Human Resources

Letter calling a candidate for written test

SUNDARAM CHEMICALS LTD.

Regd. Office: 12, Sansad Marg, New Delhi-110 001

Phone: 534212

24th March, 2012

Ref./Call/23

Mr. Amar Singh

23, B.V. Nagar, New Delhi-110 089

Dear Sir,

Sub: Written test for the post of Management Trainee-Law

With reference to your application dated 10th February, 2012, for the post of 'Management Trainee-Law' you are requested to appear for a written test on 2nd April, 2012, at Indian Institute, Institutional Area, Lodi Road, New Delhi-110 003 at 10 A.M.

The test will be of 2 hours duration, followed by a group discussion.

No books will be allowed in the examination hall. Only blue or black pen is allowed while writing the answers.

No travelling allowance is payable for attending the test.

Thanking you,

Yours faithfully,
Sd/-
(R. Francis)
Personnel Manager

Letter intimating date of interview

Letter communicating passing of written test and intimating the date of personal interview

ALL MONEY BANK LTD.

Regd. Office: 101, Parliament Street, New Delhi - 110 001

Tel.: 3031811, 3021821 Fax: 3031812

E-mail: allmoneybk@usa.net

Ref. No. HRD/1/2012

Date: 1.1.2012

To

(All successful candidates)

Dear Sir/Madam

Sub: Recruitment of Probationary Officers - 2012

We congratulate you for qualifying the written test conducted on 15th December, 2011 for the recruitment of Probationary Officers.

In this regard, you are hereby requested to be present for a group discussion and personal interview on 15th January, 2012 at AMB Hall, 101, Parliament Street, New Delhi-110 001, at 10.30 A.M. Please note that no travelling allowance/daily allowance is payable for attending the group discussion and the personal interview.

Thanking you

Yours faithfully

Sd/-

(P.A. Desai)

Manager (HRD)

Letter intimating appointment

Dear Amit,

With reference to the interview you had with us on 12.4.2012, we are pleased to offer you appointment as 'Management Trainee-Law' in our company.

You will be on an intensive training for two years in our Law Department. During the period of training you will be paid a consolidated salary of Rs. 6,000/- per month during the first year and Rs. 18,500/- per month during the second year. On satisfactory completion of the two years' training, you would be called upon to take up independent responsibilities in the Law Department. If, at any time during the period of training, your conduct is found unsatisfactory, your services are liable to be terminated forthwith.

During the course of the training period, if you desire to leave the services of the company, you shall be liable to indemnify the company by paying a lump sum compensation of Rs. 50,000/- only.

After the satisfactory completion of two years' training, you will be placed in the cadre of Dy. Manager in the scale of 30,000-200-40,000-250-50,000. You will be entitled to House Rent Allowance, Medical Claim subsidy, Leave Travel Concession, and other benefits as per the service rules, only on confirmation in the post.

You are requested to confirm your willingness to the above terms of appointment on or before May 20, 2012. You are expected to join the training by July 1, 2012.

Specimen: Regret Letter

Letter politely informing the candidate about non-selection

SUNDARAM CHEMICALS LTD.

Regd. Office: 12 Law Gardens, Ahmedabad-380 006

Tel: 570018 Fax: (079) 6580182

E-mail: sunderchem@usa.net

Mr. Bhogal Mehta,
34 A, Sankar Road,
Rajkot - 360 001
1 June, 2012

Dear Sir,

Sub: Recruitment for the Post of Finance Manager

We refer to your application dated 1st March, 2012 for the post of Finance Manager and the personal interview you had with us on 14th May, 2012. We regret to inform you that your application has not been successful. This, of course, has no reflection on your credentials. We thank you very much for evincing interest in our organisation and offer you our best wishes for a bright future career.

Yours faithfully,
Sd/-
(K.C. Lokhandwala)
Personnel Manager

Consent letter from a selected candidate

To:
Personnel Manager
Sundersan Chemicals Ltd.
23, B.N.C. Road,
Chennai - 600 025
March 20, 2012

Dear Sir,

Sub: My appointment as 'Management Trainee-Law' in your organisation

I thank you for your offer of appointment. I hereby agree to abide by the terms of appointment contained in your letter Ref. SA/34/2012 dated March 2, 2012. I will be reporting for duty on the forenoon of May 13, 2012.

Thanking you,

Yours faithfully,
Sd/-
R. Sundaram

Letter declining the offer of appointment

To:
Personnel Manager
Sundersan Chemicals Ltd.
23, B.N.C. Road,
Chennai - 600 025
March 20, 2012

Dear Sir,

Sub: *My appointment as 'Management Trainee-Law' in your organisation*

With reference to your letter Ref. SA/34/2012 dated March 2, 2012, I regret my inability to take up the appointment, as I have been selected for a job in the U.S.A. I, however, thank you for evincing interest in my candidature.

Yours faithfully,
Sd/-
R. Sundaram

Enquiries

The first step of a commercial transaction is to make enquiries. Enquiries are the most common type of business communication. They are very important because an enquiry if properly made, would bring valuable business information. Letters written for obtaining or furnishing information are classified as routine. We come directly to the purpose for which we have chosen to write. In other words, we use a direct approach.

An enquiry letter should be drafted clearly and the message to be conveyed should be complete, only then a satisfactory answer will come forward. Proper care should be taken in drafting a letter of enquiry. At times, an enquiry letter can originate big business deals. An enquiry should be straightforward, compact and courteous. It should be positive and confident in tone. It should be brief and to the point, complete and correct. It should avoid lengthy and unnecessary statements and repetitions. The opening paragraph of such a letter can give a hint about the nature of the enquiry.

Since letters of enquiry can deal with a variety of questions, the importance of information sought and the situation which prompted the enquiry could be mentioned in the letter itself. Specifying the desired action in a positive manner and presenting the questions in a logical manner is also an essential requirement for such letters. Further, an assurance that the information passed on will be treated as confidential can also be suitably mentioned in such a letter.

A letter of enquiry should, therefore, be straightforward, courteous and to the point. Special care must be taken about the opening, of the letter since it sets the tone of urgency or the need for information, and the closing of the letter should reflect the writer's expectation for a quick response.

Practical requirements of drafting a letter of enquiry

The following general tips should be remembered while writing a letter of enquiry:

- i. The kind and quantity of goods required should be mentioned very clearly, besides requirements of packing, casting etc. must be given in full.
- ii. In order to make the response undoubtedly sure and specific, the samples and their specifications could preferably be sent along with the letter.
- iii. To facilitate proper handling and checking, the list of items, if any, may be sent in a tabulated form with proper identification/specification of the product name/brand, etc.
- iv. Letter of enquiry should indicate whether one would like to purchase goods for cash or on credit or on any other terms of payment. In such a letter, credit references may also be given, especially in case the intention is to get credit in is the first transaction itself.

Example 1:

Request for Catalogue/Price-List of Garments

Dear Sir

We are a large departmental store located on College Road, Nasik. We deal in readymade garments and wish to market your wrinkle-free trousers and denim jeans in our city.

Please send us your catalogue and the price list. We would also like to know about the credit you would allow to us.

Yours faithfully
XYZ

Example 2:

Request for Washer-dryers

Dear Sir

We own a motel on the Bombay-Pune highway and get a large number of guests in winter season. We are interested in installing a common Washer-dryer for their use. We need a machine with a capacity of at least 50 kg.

Please confirm if you manufacture a model suitable for our needs, its approximate price and the delivery period.

Yours faithfully,
XYZ

Replies

Routine requests for only a catalogue or a price list may not need a covering letter. It may be sufficient to send the requested material with compliments. However, enquiries from big business houses deserve more attention. When requests are made for credit, the seller must clarify his stand. It is uncommon to grant credit at the time of a first transaction. But rejecting the offer outright is also undesirable. Instead, the seller may make a counter offer in some other than from, like a higher cash discount than the usual one.

Example 1:

Dear Sir,

We thank you for your letter showing interest in marketing our garments. We are enclosing the catalogue and the price list requested by you. This price list will remain valid till the end of the year.

You will appreciate the fact that we have not done any business before. Therefore it will not be possible for us to extend credit initially, but we can offer you a higher cash discount than we usually give.

We look forward to hearing from you soon.

Yours faithfully,
XYZ

Example 2:

Dear Sir,

We thank you for your enquiry about Washer-dryers and are confident that our model XL-60 will meet your requirement. This machine has the capacity of 60 kg. and carries an on-site warranty against manufacturing defects for a period of two years. Its current price is Rs. 1,25,000, excluding taxes. We may add that the prices are due for revision in three months' time.

We are enclosing our detailed brochure and trust you will find all the information you need for placing an order.

We look forward to your response.

Yours faithfully,
XYZ

Replies to Industrial Enquiries

Enquiries for industrial products and raw materials merit a careful approach since it may be the beginning of a long and profitable business relationship. Therefore, a polite and expeditious reply may be desirable.

Replies to enquiries should begin with an expression of gratitude. It should be stated at the outset that the requested documents are being sent. The latter part of the reply may be used to provide brief information about other products or activities of the company.

A reply should never begin with a refusal. While communicating unwelcome news, we should first prepare the recipient by giving valid and convincing reasons. Before turning down a business offer, difficulties in accepting it should be explained.

Correspondence with companies or industrial houses generally contains technical and commercial terms. They help in classification, thus reducing the possibility of a dispute between the parties. A writer of business letters should become familiar with such terms. A quotation on CIF basis, for

example, covers not only the cost of the product but also expenses incurred on insurance and freight. Erection jobs may involve a combination of ready-made goods and services so the letter writer may call the price mentioned, a bid, a quotation or an estimate.

Example 1:

Dear Sir,

We are pleased to receive your letter of 9th December regarding moulding of telephone instruments.

We confirm that we are equipped to supply the product as per your specifications. We have been making computer cabinets and Auto dashboards for the use of OEM for the last ten years. We are confident of meeting your delivery schedules.

Our moulding capacity is being fully used at present. We also find it easier to assure quality when the moulds are made in our own Tool-Room. Therefore, we regret our inability to accept moulding job-works for the present.

We are enclosing information about machines available on our Shop Floor and details of the Tool Designers on our staff. A list of some of our clients is also included for your satisfaction and reference.

Our Commercial Manager is looking forward to meeting you at your convenience to discuss the details.

Yours faithfully,
XYZ

Example 2:

Reply to Enquiry About Panels

Dear Sir,

Thank you for your enquiry about panels for Pumping Station.

We are over-booked till the end of December, and therefore unable to promise a delivery before the middle of January.

We would be glad to know if the third week of January would suit you. Hence, we will submit our estimate on hearing from you.

We appreciate your interest in our services and look forward to a prompt reply.

Yours faithfully,
XYZ

Placing Orders

Most companies use printed stationery bought on a regular basis. The advantages are numerous. These Order Forms are generally pre-numbered, so one does not have to worry about a reference number.

There are convenient headings and columns, which ensure that relevant information is not omitted. There may be multiple copies for the use of buyer, seller, and others. If terms and conditions are printed overleaf, then attention must be drawn to this fact.

Letter Orders

Occasional buyers place orders through letters. Such letters must contain:

- (a) An authorization to the seller.
- (b) An accurate description of goods.
- (c) Catalogue number if ordering out of it.
- (d) Quantity or number required.
- (e) Price per unit and total amount involved in the transaction.
- (f) Delivery details such as time and place.
- (g) Payment terms agreed, i.e., whether on delivery or after availing credit. Routine Orders may be brief but must contain essential details. If several items are required, a tabular form may be preferred.
- (h) Polite closing inviting a confirmation of acceptance.

Sample Order Letter

A Sample Order in the letter form is given below:

**HYDROTECH ENTERPRISES LTD.
Delhi (North) - 110039**

Order No. OA/09
Oxon Controls Pvt. Ltd.
7, Circular Road
Calcutta

Date: 4th January 2012

Dear Sir,

LEVEL INDICATOR FOR 8VT STATION

Please refer to your quotation dated 30.12.2011. We are pleased to confirm our Order for Levcon made capacitance type level indicator for use in clear water underground tank as per details given below:

Supply	: 230 AC 50 Hz
Indicator	: LED direct in Meters
Mounting	: Flush
Quantity	: 1 No.
Price	: Rs. 8,900/-

TERMS & CONDITIONS:

1. Price : Ex-works, Calcutta
2. Discount : 10%
3. Excise Duty : As applicable
4. Sales tax : 4% extra against Form C.
5. Despatch : To site on CIF basis.

Please communicate acceptance by return post and enclose 5 sets of GA drawings to secure approval of th client/department.

Yours faithfully,
Dingra A.
Manager - Purchase

Note: It must be remembered that Orders once accepted are legally enforceable, so care should be taken in preparing them.

Claims and adjustments

When the goods are delivered, the buyer examines them to find out whether they correspond to the order. If everything is correct, he need not acknowledge the receipt of goods. if any discrepancy is discovered, he must immediately write a letter of complaint and bring it to the notice of the notice of the supplier.

The following are the occasions where letters of complaint are drafted.

1. Delay in execution of the order.
2. The inferiority of the goods supplied.
3. Wrong goods supplied.
4. Shortage of supplied goods.
5. Damage to the goods supplied and
6. Incivility of shop or office staff.

Hints on the writing of letters of complaint: It is not easy to write a complaint letter in a satisfactory manner. This is because the complainant is generally in an angry mood. If this mood is reflected in his letter, it becomes rude and discourteous. Such a letter will defeat the purpose for which it is written. So, drafting successful letters of the complaint requires much care and skill.

The following are the hints of writing them:

1. **Complaint letter must be genuine:** Before making a complaint, make it sure that the complaint must be of genuine nature. False statements should not be made Vague letters carry any purpose.
2. **Complaint letter must be courteous:** A complaint letter must be of courteous language and give respect to the reader. A letter of friendly nature will fetch co-operation from the reader and facilitate speedy and sincere correction.
3. **Complaint letter must be complete:** A complaint letter must convey the full information to the reader. A clear reference to the order in which the complaint enables the reader to take a quick action.
4. **Complaint letter must possess concrete request for redress:** The contents of the letter must be true and unchangeable. Suggestions of the writer as to what the reader should do should be stated clearly.
5. **Replies to complaint letters:** Replies to complaint letters are called adjustment letters. They require the most skillful handling as they have not only to satisfy the customers but also to safeguard the interests of the writer. Hence while writing such letters, the businessman should-
- 6.

- a) be very careful and tactful.
- b) fully investigate the matter complained and appreciate the feelings of the complainant before giving any reply and
- c) plan the letter in such a way so as to retain his goodwill.

Adjustment letters can be classified into the following types: a) letters that apologies for the error b) letters that grant adjustment c) letters that refuse adjustment and d) letters that offer a compromise.

1. Answer the complaint promptly. Delay in doing so is likely to increase the customer's annoyance.
2. Begin the reply to the complainant by thanking him for his letter and apologizing for the trouble caused to him.
3. Don't show any discourtesy even though the complaint is unjustifiable.
4. Think that the buyer is always right.
5. Give due importance to the feelings of the customer.
6. Never treat any complaint indifferently.
7. If the complaint is due to some misunderstanding of the customer, suggest that he was hasty in judgement.
8. If the complaint is unjust, the letter refusing adjustment should contain a clear and frank statement of facts.
9. If the customer's letter is abusive, do not pay him back in the same coin.

A letter for complaining the dispatch of defective books.

Dear Sir,

We thank you for the dispatch of ten copies of Cost Accounting by S.P. Jain & K.L. Narang, in response to our order. On going through the books, pages number 49 to 72 (24 pages) are missing in a book and another copy is badly damaged. We presume that this may be due to a mistake by one of your Packers.

Please let us know whether we can return these two copies so that you may replace two complete copies.

Yours faithfully,

Reply to letter No: 1

Dear Sirs,

We thank you for your letter dated 12th July 1999 and we are sorry to know that you have received two copies of damaged Cost Accounting books.

We request you kindly return the damaged books and replace them immediately with great pleasure.

We feel very sorry for the inconvenience caused to you. However, we assure you that such mistakes will not be repeated in future. We shall, of course, bear the postage both ways.

Yours faithfully

Letter complaining damage of goods in transit

Dear Sir,

We thank you for your consignment of 50 boxes of “Suganthi Hair Oil” against our order dated 10th Aug’09. We regret to inform you that two boxes containing 100 bottles each were found to be in a damaged condition. On a careful consideration, it was found that the boxes were not carefully packed. We feel that the bottles were damaged in transit.

We request you to replace the damaged bottles at your earliest.

Yours faithfully

Reply to above complaint refusing the claim

Dear Sir,

Thank you very much for your letter dated 24th Aug. 2009. We feel sorry to note that a part of our consignment of our Suganthi Hair Oil was received in damaged condition.

We regret to inform you that we are not in a position to replace the goods damaged in transit because - a) the goods were sold at exwarehouse and hence no liability for damage can rest upon us.

b) We have specialists to supervise the work of packing department and every pack in dispatched after thorough inspection.

c) Our packing department certify that the boxes were in perfect condition when they were delivered to transport agents.

In view of these facts, we plead our inability to help you in any way. Our policy has always to carry out the instructions of our customers without any deviation. Hence we assure that we have certainly done our best to carry out your instructions.

We trust that you will have no cause for complaint against us in future.

A letter of complaint about delay in the dispatch of goods.

Dear Sirs,

With reference to our letter dated 1st Sept 2008 for the supply of woolen clothes, we regret to inform you that there is an inordinate delay on your part.

Since the winter is drawing up, we wish to stock woolen clothes. From the first week of the next month, the customers will usually be visiting the shop for the purchase of woolen clothes. Unless the woolen clothes are supplied to us immediately, we have no other way to cancel the order.

We hope that you will do the needful in fulfilling the order at an earlier date.

Yours faithfully,

A letter of adjustment explaining delay in delivery

Dear Sirs,

We thank you for your letter dated 20th Sept 08. We sent a telegram today to you as follows.

GOODS DESPATCHED YESTERDAY REGRET DELAY

We are extremely sorry for the delay. As two skilled labourers were on leave for the last ten days we are unable to deliver the goods in time. We appreciate your patience. We hope that you will accept our sincere apologies for the delay.

We are confident that you will continue the same friendly relationship in the future also.

Yours faithfully,

Letter of complaint against defective goods

Dear Sir,

Ref: Our order No: KS/A10 dated 2nd Aug 09

We are sorry to point out that one of our esteemed customers returned a box containing 12 dozens of "krisp mary biscuits as its contents are unfit for consumption. The defect may be due to defective packing and consequent damage in transit.

We trust that this will not occur again. We shall be glad if you will make immediate arrangements to give us credit for their value.

Thank you,

yours faithfully,

A LETTER GRANTING CLAIM

Dear Sir

Thanking you for our letter dated 17th Aug 2009. We regret that a box of KRISP MARY BISCUITS' was found damaged and its contents were unfit for consumption. We have credited you with Rs.1172/- as per your request. We sincerely appreciate your line of action not allowing any unwanted things. The defect was due to the carelessness of one of our Packers who is now kept under suspension pending enquiry.

We assure you that we will take every precaution to avoid such things in future.

Yours faithfully

Letter Regarding Statement of Account:

Dear Sir,

We are pleased to enclose the Statement of Account for the month, September 2012.

We may add that you may avail a Cash Discount of 2% by making a payment of the amount due within a fortnight.

Please report errors, if any, to our Accounts Department promptly.

Yours faithfully,

Credit/Debit Notes

Trading establishments are increasingly relying on calculating machines and accounting software. Cash registers print out Cash/Credit Memos in an instant. Companies use computers to store items, prices, and taxes in memory to reduce the incidence of errors in calculation. But most documents dealing with accounts mention the abbreviation "E&OE" meaning Errors and Omissions Excepted. Even the most efficient organization may make accounting errors. Besides, there may be short shipments, the return of goods, part rejection due to quality, or mismatch to customer's order, dispute, fresh negotiation on price, etc.

Credit and Debit Notes are exchanged between the parties to adjust the amount of difference.

Letter regarding details of the error

If the seller has undercharged the buyer, he may send a Debit Note to the buyer. A brief letter gives the details of the error and the relief demanded:

Dear Sir,

We regret to inform you that our Invoice no. Z2346 dated September 27th carried an inadvertent error. The total price payable is Rs. 28,000/- instead of Rs. 23,000/- as stated.

We are enclosing a Debit Note of Rs. 5000/- to cover the amount of difference.

We regret the inconvenience caused to you.

Yours faithfully,

Letter regarding returning of goods

It is also possible that the buyer may have been overcharged. In such a case, he may send a debit note and ask for a credit note in return. Credit Notes are also demanded when the buyer returns goods already paid for on grounds of, say, unacceptable quality:

Dear Sir,

We returned 500 pieces of Lever Handle Assembly to you on December 12, 2012 vide delivery challan no.2336.

These pieces had been rejected earlier by our Inspection Department on grounds of unacceptable deviations.

Please issue a credit note for Rs.12,500/- in our favour to cover the cost of the returned material.

Yours faithfully,

Letter for refusing to issue Credit Note

Dear Sir,

Please refer to your letter dated..... regarding the Lever Handle Assembly.

We wish to emphasise that the deviations are within the tolerance limits mentioned in the original component drawings. We are taking up the matter with your Inspection Department.

We regret that it will not be possible for us to issue a credit note till the matter has been settled.

COLLECTION LETTERS

A collection letter is also called a DUN. A dun is a special notice sent to draw the immediate and special attention of the debtor. So, collection letter refers to series of letters written again and again for settlement of the account.

Collecting payments is the most difficult part of the business. Good organizations understand the importance of making payments on time and the goodwill it creates for them. There are instances of companies paying up as soon as an amount becomes payable. Unfortunately, the number of defaulters is higher. Therefore, one has to learn to be persistent in pursuing them.

Collection letters must be written cautiously. One may not even write a letter in the first instance, but choose to make a telephone call to urge the other party to pay up. Alternatively, it may be sufficient to send another copy of the statement of account showing arrears of payment. It is good to remember that the buyer may have a legitimate ground for delay. Therefore, it will be tactless and imprudent to write the first collection letter in an angry tone. If the defaulting party does not pay up despite a reminder, a firmer tone may be adopted in subsequent letters:

Generally, collection letters are written in a series because.

- i. A person takes a proposed or desired action only when he is reminded often.
- ii. There is scope for increasing the pressure.
- iii. It enables the writer to try several approaches, and
- iv. It is better to give the customer a long rope to hang himself with it.

The various methods of collecting overdue accounts may be telephone calls, personal calls, correspondence, telegram, drawing a bill of exchange and by outside pressure. Of the above methods, the most common collection method is by correspondence for the following reasons.

- a. **It is economical:** Collection letter is less expensive than that of personal calls. The reason is that a single call does not ordinarily result in the recovery of a debt.
- b. **It is confidential:** The collection letter is more confidential than that of any other method. The reason is that only the writer and the recipient of the letter know its contents.
- c. **It is a clear, permanent and authentic record:** A letter is a written record in the hands of both the firm and its debtor. It can neither be denied by the firm nor interpreted in an unauthorized manner by the debtor.

The general routine of the collection of overdue accounts is as follows.

a. Casual reminder

The debtor is sent a copy of the statement of account with a remark below the statement pointing out the date on which the account fell due. This is termed as a casual reminder.

b. Apologetic reminder

When there is no reply from the customer, the second statement of account is sent stating that the account has not been overlooked or that it has not reached the customer and requesting him to pay the amount. The debtor's failure to pay so far may have been either intentional or through oversight. If it is intentional, firm action can be taken later. If it is through oversight, it is unwise to use harsh language.

c. Limiting date reminder

If the first two communications remain unanswered, a third letter asking for payment of the amount firmly is needed. The letter may point out the advisability of prompt payment and fix the date by amount should be paid.

d. Last resort

When there is no response even for the third reminder, the creditor makes a final appeal to the debtor to pay his debt or take the consequences of a legal action. The creditor uses every possible arrangement to induce the debtor to clear his debt.

Hints on writing of collection letters

1. **Be courteous but firm:** The writing of collection letters requires great tact and skill on the part of the writer. If collection letter is soft, it is treated lightly by the debtor. If it is sharp, it may make the debtor to pay the amount. So the writer should avoid the extreme of excessively sharp and soft language.
2. **Be friendly:** The writer should create an impression that he is ready to help the debtor. His letter must suggest good opinion of him. His letters to all debtors should be of friendly nature. This will help the customers to stick in business with the writer.
3. **Be resourceful:** If the debtor does not have enough business experience, the writer can give him sound advice and suggest how to clear his doubt.
4. **Appeal to the self-interest of the customer:** Psychologists say that self-interest strongly affects human behavior. It is better to tell the customer that it is to his advantage to keep his credit good.
5. **Appeal to the debtor's sense of fairness:** The writer should not write lengthy letters.

6. **Appeal to the debtor's sense of high credit rating:** The latter should be an appeal to debtor's credit standing which he should be anxious to maintain a high level to his ultimate success in business.
7. **Help the debtor if possible:** It is to the advantage of a trader to invite his debtor to enquire the reason for the arrear. After knowing his difficulty, he can help him to get over it.
8. **Adjust the letter to his customer:** There are different kinds of customers: a) honest b) dishonest c) negligent d) misery and e)aggrieved. The style of the letter will vary according to the character of debtors.

Replies to collection letters

A trader is often unable to pay his debts by the due date for the various reasons. Whatever be the reason for his inability to pay, he should answer promptly. His replies should explain frankly the circumstances which prevent him from paying his amount. He may ask for an extension of time for payment. In any case, his letter should reveal his sincere desire to pay his debt at the earliest possible moment.

Form letters

Form letters are copies of model letters prepared for the purpose of dealing with recurring causes of delay in the payment of accounts. They usually constitute a series and are sent out to default customers at certain intervals. They save much of the time of the busy credit manager.

Collection stunts

When a debtor does not make any reply, clever tricks are sometimes played to induce them to answer such letters are called stunt letters. Such letters may be written asking for wrong amounts or for the fulfillment of wrong terms. These are likely to induce the debtor to reply in the form of protest. Once a reply is received, further steps can be taken.

The first letter enclosing a statement of an account.

Dear Sirs

We enclose a statement of the account up to 28th February 200. You will see that there is a balance of Rs.7500/- (Rupees Seven Thousand and Five Hundred only) in our favour.

We request your earlier settlement of the account.

Yours faithfully

Encl: Statement of account.

Specimen Statement of account
SWISS INDIA WATCH COMPANY

Date	Particulars	Dr.	Cr.
01.04.08	To balance b/d	1250	
18.04.08	To bill No.121	6850	
20.05.08	By D/D		5000
10.07.08	To Bill No.178	3250	
15.09.08	To Bill No.212	2950	
20.10.08	By D/D		3000
12.12.08	To Bill No.247	7200	
30.12.08	By D/D		6000
28.02.09	By balance C/d		7500
		21500	21500

An early remittance will oblige us.

The second letter enclosing a duplicate statement of account
SWISS INDIA WATCH COMPANY

Dear Sir

We wrote to you on 1st March calling your attention to the account referred to above. As we have had no reply from you so far, we presume that our letter has probably not reached you. So we enclose a duplicate statement of account and request you to give it your early attention.

Yours faithfully

Encl: Duplicate statement of account

The third letter fixing a date for payment.

Dear Sir

We are surprised to find that you have taken no notice of our letter of 1st March and 15th March requesting the settlement of the above account. As it is now very much overdue, we insist on its payment by 10th April at the latest.

Yours faithfully,

Reminder Letter

Dear Sir,

Please refer to our statement of account for the period ending December 2011, which was mailed to you on January 5, 2012, and a telephonic reminder was made later. We regret to inform that we have still not received the payment.

You will agree that delayed payments may affect schedules and cause avoidable inconvenience to both the parties.

We shall be grateful if you remit the outstanding amount on the receipt of this letter.

Yours faithfully,

Defaulters

Wilful defaulters are unlikely to oblige soon. However, it is wiser to opt for even a part payment than rushing into time-consuming litigation. Habitual defaulters welcome it since it gives them an opportunity to defer payment even further. One may consider steps, which hurt the other party most. These may be a suspension of further supplies or cancellation of credit. A stricter tone and style may be justifiably used against them:

Final Reminder

Dear Sir,

This is further to our Statement of Account and several reminders to you to settle the account for the period October-December 2012. Unfortunately, you have not responded to them so far. In the circumstances, we are unable to continue with further supplies till the outstanding amount is cleared.

Please note that if you do not settle your account within seven days of the receipt of this letter, we shall have no option but to hand over the matter to our attorneys for suitable action.

We hope you will not force us to take extreme steps in this regard.

Yours faithfully,

Explaining Delays

The defaulting party should be sensitive to the difficulties of the seller. A payment must not be delayed without a convincing reason. It may be a good idea to seek an extension of time from the seller. Normally a reputed business house does not take the risk of turning down a reasonable request from a regular customer:

Dear Sir,

Please refer to your Bill No. S3456 of February 2, 2012, which is due for payment on February 15, 2012.

We are facing temporary liquidity problems due to delay in overseas payments. We may not be able to settle your bill for a fortnight.

We hope you will bear with us.

Yours faithfully,

CIRCULAR LETTERS

A circular letter is a communication meant to convey the same information to customers, business friends, shareholders, debenture holders, employees etc., it contains the same subject matter and is written to give the same information.

The circular letters are generally duplicated, printed or lithographed. They are sometimes very formal and are therefore not addressed personally to the recipient. When the circular letters are printed and if the letter has been typed especially for the addresses, it would appeal to the recipients. If a personal touch is given by typing the address of the recipient and is signed by the sender, it would appeal to the egoism of the addressee. In such a case, the correspondent thinks as if the letters have been sent to him. Such a step will depend upon the circumstances of each particular case.

Where hundreds of circular have to be sent, it may not be possible for the sender to sign each on of these letters. When the signature is printed, a different colour may be given to get an impression that, it has been signed. The circular letter should be worded as to inspire confidence. It should be pleasant and comprehensive.

Occasions for writing circular letters:

Businessmen issue circular letters on many occasions. The following are the occasions on which circular letters are generally written.

1. Establishment of new business

A circular letter announcing the establishment of a new business usually contains information on the following points.

- a. The name of the firm, its address and the nature of its business
- b. The date of establishment
- c. The qualifications of the proprietor or manager, his knowledge of the trade business experience etc.
- d. The capital at the disposal of the proprietor
- e. The quality of the goods offered and the fairness of the prices charged and
- f. Reference to the proprietor's specimen signature.

2. Admission of a partner

A partner may be admitted either on account of the expansion of business or on account of his need for more capital. As the admission of a partner brings about a change in the constitution of the business the fact has to be intimated to the outsiders. This is done by means of a circular letter. Such a circular letter states the name of the new partner and the date on which he has been admitted. It may give the reasons for his admission, his experience, ability and the capital that he brings with him. It invites the attention of customers signature given at the end of the letter.

3. Removal of business of new premises

When a trader moves to new premises, he may announce this customer by means of a circular letter. The following are the hints of such a letter.

- a. If the new premises are more spacious or within easier reach of the customers, the fact should be emphasized in an appropriate language.
- b. The address of the new premises should be clearly indicated.
- c. if the transfer of the business to new premises is likely to result in a delay in the execution of orders, it is advisable to inform the customers about this.

4. Death or retirement of partner

When a partner dies, the fact should be intimated through a circular letter. In it, the writer announces the fact with regret and acknowledges the services rendered to the business by the

deceased. If he wants to continue to trade under the same style or if the name of the firm is to be changed, this is pointed out in the circular letter.

In a letter announcing the retirement of a partner, the writer regrets losing the services of the retiring partner. In some cases, it is advisable to state the reason for his retirement. If the retiring partner withdraws his capital, this is mentioned in the letter.

5. **Conversion of partnership into a limited company**

The following are the advantages of converting partnership into a limited company.

- a. the liability of members is limited to the extent of the value of shares held by them.
- b. a company can raise more capital than a firm
- c. a company has perpetual succession.

In a letter intimating such conversion, the customers should be given assurance that their needs will receive the same attention as in the past.

6. **Granting power of attorney**

When the power of attorney is granted to a person, his specimen signature is to be sent to customers. The letter stating power of attorney may give a reason for granting power of attorney.

7. **Obtaining an agency**

When a trader obtains the agency for a product, he has to take steps to make the fact known. This may be done by advertising it in the press and by sending suitable circular letters. Such letters generally refer to the excellence of the product and fairness of price in relation to its quality. Such letters are really sales letters and the principles underlying the writing of sales letters apply to them.

8. **Clearance sales**

Businessmen generally make clearance sales known to the public by means of the advertisements in newspapers or by posters and handbills. They announce them by means of circular letters also. The following are the advantages over an advertisement.

- a. A letter can be addressed to a selected number of persons.
- b. A product can be explained more elaborately in a letter.
- c. A letter may be kept by the recipient in his file for future reference.

In the circular letters, the writer points out the nature and date of sale and refers to some of its most attractive features. He recommends an early visit to his shop so that customers may see personally the high quality of products offered for sale. In the end, he assures them of the genuineness of the sale.

The following are the advantages of circular letters

1. A large number of copies can be early printed and posted in one day.
2. Circular letters are comparatively less expensive
3. They await patiently the leisure of the person whom the business house seeks to influence
4. They inspire the confidence of readers.

Specimen Letters

Establishment of a new business

Dear Sir

We are pleased to inform you that we are opening a grocery and provision store on Monday the 28th March 2009 at the above address.

The stores will be in charge of Mr. S. Arun who was formerly the manager of Nilgris super market, T.Nagar, Chennai. His experience will assist us selecting the best quality goods and in running the business on the most efficient lines.

We have enough capital at our disposal which will enable us to keep a varied stock. This will make it possible for us to buy in bulk and sell at reasonable prices.

We request you to give us a trial order in order to test the quality and fairness of their prices. We are confident that you will be satisfied with the result.

Yours faithfully

Admission of a new partner

Dear Sirs,

I am pleased to inform you that I have admitted Mr. S. Kannan as a partner today to expand my business. This business will henceforth be run under the style of

RAJAKANNAN

Mr. Kannan has been working as a salesman in a reputed timber mart in Trivandrum for the last twenty years. He is thoroughly conversant with all the details of this trade. Besides, he brings Rs.1,50,000 as capital into the business. His admission will enable the firm to expand the business to areas so far untouched.

My sincere thanks for your past favours and hope that you will continue the same in future also.

yours faithfully

Shifting of factory to new premises

Dear Sir

We are pleased to inform you that the continued expansion of business has necessitated the shifting of our factory to more spacious premises at 26, LINGESAN STREET, KRISHNAMOORTHY NAGAR, CHENNAI 600 118 from 20th of this month.

Our new factory has been completed remodeled and considerably enlarged by the addition of new and costly machines. We are now in a position to execute orders more speedily.

The shifting of machinery to the new premises and its installation is likely to take some time. We hope to be able to resume normal working by the end of this month.

We await your esteemed orders at our new address.

Yours faithfully

Retirement of a partner

Dear Sir

We are sorry to inform you of the retirement of our senior partner Mr. Mohan on account of old age and continued ill health. Mr. Mohan was one of the founders of the firm and it is a great loss for losing the assistance and guidance of such an able businessman.

On account of Mr. Mohan's ill health for the last six months, his work in the firm had been completely taken over by our young and energetic partner Mr. Suresh. We are sure that we shall be able to continue to serve you to your complete satisfaction.

We like to point out that our resource will not suffer by the withdrawal of Mr. Kannan's share of capital. The remaining partners have made an additional contribution.

We hope that we shall have the pleasure of executing your new orders.

Yours faithfully

Conversion of firm into a limited company

Dear Sir

We are pleased to inform you that we have decided to convert our firm into a private limited company. The name and style of the new company which will come into existence from 1st Feb will be

RAMLAL & SHARMA PRIVATE LTD.,

We assure all our customers that so far as their interests are concerned the change will be only in name. The personal relationship that has existed between them and the firm will be maintained.

Yours faithfully,

Obtaining of an agency

Dear Sir

We are pleased to inform you that we have been entrusted with the marketing of Mysore sandalwood soap throughout Madurai District.

This toilet soap needs very little introduction. It is a product of Karnataka Government Soap Factory and is accepted as one of the best toilet soaps manufactured in India. We herewith enclose price list and a trade discount of 10% is allowed when the purchases exceeds Rs.1000/-

We hope that you will be pleased to place your bulk orders with us. We have always aimed at supplying best quality goods and once again offer you high-grade goods on the most convenient and attractive terms.

Yours faithfully

Introduction of new line of goods

Dear Sirs

We have much pleasure in informing you that we are now in a position to satisfy the general demand for a cheaper line of V.Guard watches by introducing into the market. These watches are reliable and are built on the usual high-grade standard.

A few copies of the leaflet describing the series are enclosed herewith. The sale of V guard watches is governed by the same rules and regulations applicable to our other watches.

We hope that this new line will bring a boost in sales and that you will co-operate with us to our mutual advantage.

Yours faithfully

Clearance Sales

Dear Sir

With a view to providing for new stock for the coming winter season, we have decided to effect a clearance sale of our present stock of winter coats, caps, shoes, bed sheets etc.,

We enclose a copy to our catalogue containing the original and the reduced prices. You will see that prices have been marked down as low as 50% in winter coats, hats, and nylon socks.

The sale will remain open for only ten days and please visit early to purchase the best at reduced rates.

Yours faithfully

Points to remember

- Preparing resume and writing application letters are the pre-requisite for finding a job.
- The letter of appointment contains the terms and conditions that have to be followed by the employee after joining the organization. An employee gets a letter of confirmation, once he/she completes the probationary period.
- Purchase correspondence plays a vital role in keeping the production line going by ensuring timely procurement.

- A letter of enquiry is an information-seeking letter. There are two types of enquiries: *sales related enquiry and status enquiry*.
- The test of a good enquiry letter is that it should state the purpose of the letter *clearly, completely, accurately and concisely*.
- A complaint should be acknowledged and looked into at once. If some more time is needed to check the facts a polite letter to this effect should be sent.
- Before one begins to write a sales letter/circular, one should first define the motive of the buyer in mind and the segment being targeted to, and then write accordingly.

Questions

1. Draft a circular letter informing the opening of a new branch.
2. What is execution of an order? You have received a big order from your customer, but are unable to execute it immediately. Write to the customer asking for extension of time.
3. Draft a suitable reply to a customer who has complained about the poor service of the typewriters supplied by you.
4. Draft a final letter to be sent to a customer who has not settled his account and not responded to your previous four reminders.
5. Write a reply letter explaining the inability to settle the dues immediately.
6. A reputed Textile sales firm has to effect a clearance sale of their stock and offering 50% discount in some case. Draft a circular letter.
7. Draft a collection letter to a customer whose due is more than two years old. What are the important points to be considered while preparing an order letter?
8. Messers. Daylaen and Bros. Madurai complain that 20 tins of condensed milk ordered by them arrived in a damaged condition. Draft a letter to the supplier for the early replacement.
9. Draft an application with Bio-data for the post of a company secretary in a business concern.
10. Write a letter enclosing a catalogue and quotation.
11. What are status enquiries necessary?
12. Draft an application for the post of Junior Accounts Officer in a Textile Mill.
13. Draft a complaint letter with regard to quality of goods.

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

1. Need for correspondence in service sector like Banking, Insurance .etc...
2. Occasions in which correspondence takes place in Banking and Insurance sectors
3. Important terms of correspondence in Export and Import

Banking Correspondence

Business without banking is unimaginable. A company begins its operations by opening a Current Account. These accounts come for a fee. They do not yield any interest like Savings Accounts but offer valuable services to a company. These include an *unlimited number of Payments and Receipts, Overdraft Limits, Term Loans, Credit References, Depository Services*, etc. The company operates the account through one or more authorized signatories who may even be changed by the Board of Directors:

Change of Signatories

Dear Sir,

The Board of Directors of our company decided at a meeting held on February 6, 2012 that our Current Account no.6619 with you will be operated jointly by the Managing Director and the Chief Accounts Officer with immediate effect.

A certified copy of the resolution of the Board and the specimen signatures of the authorised signatories are enclosed.

Please acknowledge the receipt of this instruction.

Yours faithfully,

.Stop Payment

During the course of a day, a company mails a large number of cheques and other instruments. If the payee reports that he has not received the instrument, it is advisable to convey the details to the bank promptly and to request it to stop payment. Initial instruction may be given telephonically or telegraphically and a confirmatory copy sent later for their record. Though banks make all efforts to honour such instructions, they are not liable to compensate if the payment is made inadvertently.

Overdrafts

Companies are expected not to issue cheques without sufficient balance in their accounts. Failure to do so may lead to dishonouring of the instrument and loss of reputation and goodwill.

Banks routinely warn companies against overdrawn accounts and advise them to negotiate for a higher overdraft (OD) limit.

Example for Stop Payment

Dear Sir,

We issued the cheque bearing number 456611 dated February 7, 2012 in favour of Messrs Flowline Enterprises.

The amount of the cheque drawn on your branch is Rs. 93,475/- only.

Please stop payment of this cheque as it has reportedly been lost in mail.

We shall issue a duplicate cheque on getting your confirmation that you have received this instruction.

Yours faithfully,

Example for overdraft

Dear Sir,

CURRENT ACCOUNT No. 2332

We regret to inform that your Account No.2332 with our branch has frequently been overdrawn in the recent past. The amount of overdraft was Rs. 67,000 at the end of Business Hours on February 3, 2012.

We wish to emphasise that it shall not be possible for us to clear your cheques in the absence of sufficient balance in your account.

Please arrange immediate credits to clear the overdraft. If you find that your working capital is inadequate, we advise you to negotiate a higher OD Limit.

Yours faithfully,

Overdraft Limits

Companies are allowed overdraft limits on payment of charges. These limits are negotiable on the basis of fixed and liquid assets, like plant and machinery, buildings, securities and even goodwill. Normally overdraft arrangements are secured against stocks - raw material, finished goods and trading stocks of the borrower. Temporary overdrafts are also allowed and in certain circumstances without any security also. Temporary overdrafts help companies cope with immediate problems. Applications must be supported by relevant documents.

Dear Sir,

OVERDRAFT LIMIT

Thank you very much for your letter of February 5, 2012.

We regret the unsanctioned overdraft and have transferred credits from another account to clear it.

Our recent diversification into automobile ancillaries has been delayed due to cost overruns. We expect the unit to be commissioned in about two months and become viable by the end of the year 2012.

Therefore, an additional temporary overdraft limit of Rs. 50 lacs for a period of six months will be of a great help.

We are enclosing a status report from the consultants and the last audited balance sheet for your perusal.

We hope to hear from you soon.

Yours faithfully,

Term Loan

Fixed term loans are usually secured against fixed assets, such as plant and machinery, land, buildings, etc. Most of the information is furnished by filling up forms made available by the banker. In the event of a delay, a letter may be dispatched:

DELAY IN SANCTION OF TERM LOAN

The Chief Manager
ICICI Bank, Hitech City
Hyderabad-500 033

March 30, 2012

Dear Sir,

We submitted an application on February 22, 2012 for a Fixed Term Loan of Rs. 60 Lacs against securities in the form of land and building, and plant and machinery. The working capital as on date is Rs. 80 lacs. The details of existing liabilities and the past performance of the unit are on your record.

The term loan is to be used for the introduction of new technologies, like CAD/CAM in the manufacturing of our existing products. This is imperative to retain viability in the times to come.

We shall appreciate if the Term Loan is sanctioned expeditiously.

Yours faithfully,

Status Enquiries

Parties often ask for credit and give the name of their banker as a referee. It is common for companies to secure the help of their own bankers to find out the creditworthiness of those parties. Bankers make such information available to their clients in confidence but without accepting any liability.

The Chief Manager
HDFC Bank
Greater Kailash I
New Delhi
July 17, 2012

Dear Sir,

We have recently received an order worth Rs. 65 lacs from Textronics Ltd., Chennai. The company has requested for a credit-period of 90 days. They have given the name of their banker, Indian Overseas Bank, T. Nagar, Chennai as their reference.

We shall be grateful if you find the creditworthiness of Textronics Ltd. from their bankers and advise us at the earliest.

Yours faithfully,

Letter to a bank requesting credit facility

Dear Sir,

We have plans for expanding our line of manufacture and a detailed project report has been finalised which has been favourably considered by the Industrial Development Bank of India, Mumbai. The working capital requirements in connection with the above project would be of the order of Rs. 3.5 lakhs for a quarter.

A copy each of the project report and feasibility report is enclosed for your ready reference. At present we are enjoying a credit facility of 3.5 lakhs rupees by way of overdraft, 2 lakhs rupees by way of cash credit and Rs. 4 lakhs by way of Bill of purchase from your bank. You would be happy to find from your records how satisfactory our performance has been all these years.

As in the past, we request you to grant us the credit facility for Rs. 3.5 lakhs also. We would offer our investments in shares as security for the overdraft facility upto Rs. 3.5 lakhs that we are requesting for now. The shares command a premium of 70% at the moment.

We sincerely hope that this would entirely meet your requirements.”

Letter to bank requesting current account statement

Dear Sir,

As our accounting year has come to a close on December 30, 2012, we request you to send the Current Account statement for the period November 1, 2011 to December 31, 2012, at the earliest, to enable us to reconcile the bank balance.

Letter to bank requesting bank guarantee

Dear Sir,

We are your valued customer for over 15 years. The company has recently secured a State Government contract for the supply of items of the value of Rs. 1,50,000 per month. In this connection, they desire a bank guarantee to be executed by the company's bankers.

We are sure you would oblige us in this matter. Kindly let us know the security you will require for issuing the said bank guarantee.

Letter to bank asking for higher credit limits

Dear Sir,

We are at present enjoying cash credit facility of Rs. 4 lakhs against hypothecation of the raw materials and stocks at our godown. Recently, due to an expansion programme, the average monthly production has registered an increase by 5%. This is vouched by the godown stock statements that the company has been submitting to you enter the last three months.

Under the circumstances we would request you to increase the cash credit limit to Rs. 5 lakhs. We assure you that our credit performance would remain as good as it was in the past.

Insurance Correspondence

The concept of insurance evolved around the time when sea trade had just begun. The early ships were unsafe and often sank in high seas. Unfortunately, they also took with them valuable cargo to the bottom of the sea. It was felt that some mechanism should be developed to compensate those who suffer such losses. Thus, the institution of insurance was founded.

Insurance is a contract between the company, called the insurer and the client known as insured. The insurer promises to compensate the loss the insured may suffer, against the payment of premium. The premium is calculated in % age terms, say 2 paise per hundred rupees for Fire Insurance. The calculation is made on an annual basis through flexible payment plans may be offered for the sake of convenience. Risk perception plays a major role in determining the premium. An AAR or Against All Risks cover, for instance, will be more expensive than one against fire only. Premium enquiries are a common subject matter:

Policy Renewal

Dear Sir,

We are interested in renewing the policy number S 233321456 for our bonded warehouse located at S-31, Sahibabad Industrial Area, UP with some changes.

The warehouse and goods stored in it are presently covered for a total value of Rs. 30 lacs only against fire.

Following the earthquake in Gujarat, we would like to seek protection against all risks.

We shall be grateful if you quote your lowest premium rates for an AAR cover at the earliest, so that we may remit the charges.

Yours faithfully,

Null and Void Policies

Non-payment of premium results in a policy being declared null and void. A policy must be in force at the time of the mishap in order to secure compensation. The insurer may, at his discretion, revive a lapsed policy on payment of missed premiums plus penal interest.

The amount of compensation is limited to actual loss suffered by the insured. In the event of over-insurance, relief is limited to the sum assured. The policy may be declared null and void if the insurer detects under-insurance.

Salvage is permitted during the accident. The premises are surveyed later by an expert chosen by the panel of the insurance company. Once the surveyor submits his report and an estimate of the loss suffered, the insurance company settles the claim by awarding compensation.

Reporting Loss

Dear Sir,

POLICY No. J 2343221

We regret to report that our tool room located on the ground floor of Plot No.73, Wazirpur Industrial Area, Delhi was gutted in an accidental fire last night. The cause of the fire is not known and is being investigated.

The tool room, which was insured comprehensively with you under Policy No. J2343221, has been totally destroyed. The loss of plant and machinery is estimated to be Rs. 23 lacs.

Please arrange an immediate survey of the premises so that we may resume operations and file a claim expeditiously.

Yours faithfully,

Reply to above letter

It is unlikely that the insurer will accept the estimate of loss submitted by the insured. However, a convincing reason should be given when contesting the figure mentioned by him. The response should also contain an expression of sympathy:

Dear Sir,

We are sorry to learn from your letter of March 3, 2012 about the destruction of your tool room in a fire accident.

The initial feedback from our surveyor has confirmed that the damage to the plant and machinery is major.

However, we are unable to accept Rs. 23 lacs as a fair estimate of loss since much of the machinery was obsolete. We shall indicate the liability acceptable to us after we receive the final report of the surveyor.

We assure you that we shall make all efforts to settle the claim at the earliest. Meanwhile, please accept our sympathies.

Yours faithfully,

Letter to the Insurance Company to assess the loss by fire

Dear Sir,

We are to intimate to you that a fire occurred in our godown at 10 Rajendra Colony, 1st Street, at 10.30 p.m. yesterday the November 21, 2012. The fire service personnel have done a commendable job in minimising the loss to the stocks. The cause of the fire is not yet known. We request you to send your valuer to assess the loss and arrange for an early settlement. In the mean time a separate claim is being lodged by us.

Letter to enquire about the surrender value of a policy

Dear Sir,

Re: life policy 234567

Since my wife's prolonged hospitalisation has completely drained out my financial resources, I find it difficult to pay the overdue premia on the above policy. Unfortunately, I don't expect an early improvement in my situation. So it may not be possible for me to pay the further premia also. I now wish to discontinue my policy. I shall be thankful if you kindly write to me the present surrender value on my life policy and the procedure to obtain it.

A letter intimating the maturity of a policy

Dear Sir,

Re: Policy no: 14778899 - own life

We have the pleasure to inform you that your above policy will be maturing for payment on 20th July, 2015.

We need the following documents to settle your claim to this policy promptly.

- i. The discharge form (duly filled in as per the instructions given at the back of the form)
- ii. The policy in original
- iii. Any deeds of assignment affecting your title to the policy
- iv. The last premium receipt

The payment will be made by a crossed cheque on syndicate bank, New Delhi

If the discharge form, etc. are received by us sufficiently in advance, it may be possible for us to send you the cheque so as to reach you on the date of maturity itself.

Letter asking about surrender value of a policy.

Sir,

I wish to surrender my policy (No.77305137) for a cash value as my financial commitments do not permit me to continue paying the premium. Hence I shall be glad if you let me know the present surrender value of my policy.

Yours faithfully,

Reply stating surrender value

Dear Sir,

With reference to your letter of 20th April 99, we wish to inform you that the surrender value of your policy (No.77305137) is Rs.2400/- (Rupees two thousand and four hundred only). If you desire to have the surrender value, please send us the policy document and the form duly filled in.

On complying with the above requirements we shall arrange for payment

Yours faithfully,

Application for loan against life policy

Sir,

As I am in need of money, I shall be obliged if you will let me know the maximum amount I can borrow against my policy (No.740335893)

Please treat this as urgent and let me have an early reply.

Yours faithfully,

Reply to the above

Sir,

With reference to your letter, dated 27th June 09, we wish to inform you that you can avail a loan of Rs.3,500/- (Rupees three thousand and five hundred only) on your policy No.740335893. In case you need the amount, you are asked to send the enclosed form duly filled up and with the policy document.

On hearing a reply from you, we shall make arrangements for payment of the loan.

Yours faithfully,

Letter intimating maturity of the policy

Dear sir,

We have pleasure in informing you that your life policy (No: 42216978) matures for payment on 28th mar.2009

We herewith enclose necessary forms for discharge which please return us duly execute along with the policy (No: 42216978) before the date of maturity to enable us to arrange for payment by cheque of Canara Bank, Vallior.

Yours faithfully,

Fire insurance

Fire insurance is a device to compensate for the loss consequent upon destruction by fire. The contract of fire insurance is always a contract of indemnity. This means that the insured shall be paid only the actual amount of loss against which policy has been insured. Insurable interest must exist both at the inception of insurance and at the time of loss. Both parties in the fire insurance contract must exercise utmost good faith.

Letter asking for a fire policy

Dear sir,

We wish to insure our goods against fire of the value of Rs.75,000/- (Rupees seventy-five thousand only) lying in our godown at 24, N.S. Street, Sivakasi. We request you to issue a policy for the amount covering the risk for one year.

The proposal form given by your agent is enclosed, duly completed.

Yours faithfully,

Reply to above letter

Dear Sir,

We thank you for your letter of 27th June 09 together with the proposal form. We enclose our cover note giving you requisites cover.

We shall send the policy very soon.

Yours faithfully,

Transfer of insured goods to other premises for PRAVIN STORES

Dear Sir,

We wish to inform you that our stock of goods covered under fire policy (No: F214) has been transferred from 24, N.S. Street, Sivakasi to 6, New road Sivakasi.

We enclose herewith fire policy which may kindly be returned to us after necessary endorsement there on.

Yours faithfully,

Intimation of damage of goods of fire for PRAVIN STORES

Dear Sir,

We report to inform you that a fire broke out in our warehouse at 6, New Road, Sivakasi at 10.30 P.M last night. It was noticed by K.Murugan, the night watchman of the locality who contacted fire station by telephone when the fire brigade arrived, the premises were completely gutted. The fire brigade succeeded in extinguishing the fire at 12.30 A.M.

We estimate that a stock value of Rs. 45,000 has been destroyed. We request you to send your surveyor to survey the loss and inform us the particulars we have to furnish to make a claim.

Yours faithfully,

Acknowledgement of claim

Dear Sir,

We received your letter informing us of the loss by fire occurred at your warehouse on 13th Oct 2008.

We have instructed our Surveyor, Mr. S. Kumar, to survey the loss and proceed the matter on getting his report. We request you to file in the enclosed form and return it to us at your earliest convenience.

Yours faithfully,

Acknowledgement of receipt of claim

Dear Sir,

We received your letter of the 16th Oct. together with claim form filled in by you. After receiving our surveyors' report, we shall inform our decision.

Yours faithfully,

Enclosure of cheque in settlement of claim

Dear Sir,

In continuation of our letter of the 17th Oct, we inform you that we have received surveyors' report which assesses the damage at Rs.38,000/-

We enclose our cheque No:620437 on the Canara Bank Sivakasi for Rs.38,000/- together with a voucher. We shall thank you to return the voucher to us duly signed.

Your's faith fully,

Marine insurance

Marine insurance covers loss or damage to vessels or cargo or passengers during transportation on the high seas. The risks insured are commonly known as perils of the sea. Thus marine insurance is a device to secure protection from loss or damage to property while in the ship.

A marine loss may be either total or partial. The complete destroying of the property insured is known as a total loss. In other words, when the subject matter insured or goods are totally lost it is a total loss. The total loss is may be either actual total loss or a constructive total loss. The actual total loss is a material and physical loss of the subject matter insured. A constructive total loss occurs when the ship or cargo is justifiably abandoned because its total loss appears unavoidable. When the goods are partly damaged, it is a partial loss. A partial loss is technically called as average. In marine insurance, average means loss or damage or ship or its cargo.

Specimen letters

Letter asking for marine policy

TUKARAM&COMPANY

Dear Sir,

We request you to issue in our name a floating policy including war and riot risk to cover our shipment of piece goods to the value of Rs.75,000/- from Cochin to Singapore. The consignment is to be shipped through S.S Bhavani on 4th April 2009.

Please issue a temporary cover pending the preparation of the policy.

Yours faithfully,

Letter enclosing a cover note

Dear Sir,

We thank you for your letter dated 4th March and enclose a cover note for shipment of piece goods by S.S Bhavani leaving Cochin to Singapore.

We request you to furnish us the number of bales, shipping marks, and other details so that we shall prepare the policy and forward to you.

Yours faithfully,

The letter enclosed floating marine policy.

Dear Sir,

With reference to your letter dated 2nd Mar, We enclose a floating policy for Rs. One lakh on your consignment of piece goods.

We request you to declare the shipment as and when made giving particulars relating to the value and date of the bill of lading.

Yours faithfully,

Letter intimating declaration on a marine policy.

Dear Sir

We declare the following particulars on our marine floating policy No. M. 2345.

From Cochin to Bombay

Name of Streamer: By rail

Bill of lading B.14/212 dated 26th Mar 2009

Contents: 10 boxes of piece goods

Trade Mark: TC

Amount declared: Rs. 7.500

Yours faithfully,

Letter making a claim under marine policy

Dear Sirs,

We wish to bring your notice that two boxes of piece goods insured under the policy No.M2345 by S.S. Bhavani from Cochin to Singapore were found to be in a damaged condition. The damaged goods were surveyed by your authorized surveyor and his report is herewith enclosed.

We are also enclosing the original policy and suppliers' invoice. We shall be grateful if you send us your cheque ins settlement of the claim.

Yours faithfully,

Letter settling claim

Dear Sir,

We received your letter of 15th may together with an insurance policy, suppliers, invoice and the surveyors' report.

Your claim has been accepted and we enclose our cheque No.041652 at 17th, at 2009 for Rs.6,500/- on State Bank of Travancore, Cochin in full settlement.

Please return the enclosed claim voucher duly discharged.

Import – Export Correspondence

The import-export trade correspondence runs almost on the same lines as the inland trade correspondence. However, the procedure and the formalities involved are somewhat special and require a little special study. An importer may directly place an order with a supplier overseas or through an indenting house. An indent house is an agent or middleman between the importer and the exporter

Important terms used in Import – Export correspondence

Following are the special terms used in quoting prices in import- export business. Expenses included in the price quoted are borne by the seller, while the buyer has himself to take care of the further expenses.

1. Free Along Side – cost, carriage to docks and dock charges
2. Free on Board – FAS plus charges for loading the goods on board the ship
3. Cost and Freight- FOB plus freight charges up to the port of the importer.
4. Bill of entry
5. Bill of lading
6. Insurance policy
7. Invoice
8. Consular invoice
9. Certificate of origin
10. Bill of exchange
11. Shipping Advice
12. Packing and marketing
13. Letter of credit

Direct enquiry with the manufacturer

MYSORE PLASATICS LTD

Regd.office: Unity building, J.C.Road

Bengalure

5th January

Messers, kogakusha & co

23 central streets, Tokyo

Japan

Dear Sirs,

We have been manufacturing plastic products of a very wide variety for the last fifteen years. The use of plastics products in our country has been rapidly increasing in the recent past. So we plan to enhance our production capacity by installing five additional machines.

Your name was suggested to us by the Trade Commissioner of your country during his recent visit to Bangalore. Will you please send us an illustrated catalogue of your latest machines for use in the production of plastics materials of different types and varieties? We expect a very reasonable quotation from you.

We would appreciate an early reply

Yours Faithfully

A letter requesting the bank to open an irrevocable letter of credit

Dear Sir,

We request you to kindly open by cable an Irrevocable Documentary Credit in favour of Messrs Abisha manufacturing Co. Tokyo for an amount of Rs Twenty two lakhs available to them by draft at 30 days after sight by your branch in Tokyo

The credit is required for a shipment of fifty machines as specified in the enclosed sheet. The draft by the beneficiary should accompany the shipping documents. The credit is to be established in local currency and to be confirmed to the beneficiary. The credit shall cease to be valid after 25th June, 2002, part shipment not allowed.

Invoice to be made c.i.f. Mumbai and to include the bank commission also. Document are to be forwarded to us by Air Mail

Yours Faithfully

The foreign branch of the importer's bank informs the exporter that credit is available

Dear Sirs

The Gurgaon branch of the bank has instructed us to open an irrevocable credit for 2200000 in your favour, valid upto 25th June 2002.

We are pleased to inform you that you are authorised to draw on us against this credit. Please send your draft to us for acceptance immediately after the despatch of goods to Haryana Plastic Udyog Ltd. Gurgaon as specified in the enclosed list.

You are requested to enclose the following documents with your draft for its acceptance:

Bill of lading (2)
Commercial invoice (3)
Insurance policy (1)
Certificate of origin (1)
Consular invoice (1)

Please note that your draft is to include all charges to Mumbai and our commission @ 5 %.

Yours faithfully

Shipping advice from the exporter

Dear Sir,

Re: your order no _____ dated _____

We are pleased to inform you that ten packages, five containing ten machines each and five containing one hundred design patterns each, have been shipped by us as per S.S Sundari which left for Mumbai on 11th March 2002. Each package is marked and numbered as per your instructions.

The D/P Bill, Original invoice, insurance policy, certificate of origin and consular invoice have been sent through the Bank of Tokyo. You are requested to honour the bill when presented and take delivery of the documents.

Yours faithfully

Points to remember

- **Banking requires letter writing for the following services:**
 1. Stop payment
 2. Overdraft limits
 3. The term loan and Status Enquiries etc....
- Insurance is a contract between the company, called the insurer and the client known as insured. The insurer promises to compensate the loss the insured may suffer, against the payment of premium.
- Fire insurance is a device to compensate for the loss consequent upon destruction by fire. The contract of fire insurance is always a contract of indemnity. This means that the insured shall be paid only the actual amount of loss against which policy has been insured.
- **Insurance Correspondence requires letter writing for the following services:**
 1. Policy renewal
 2. Null and void policies
 3. Reporting Loss.
 4. Fire insurance and its claim
 5. Marine insurance and its claim
- The order placed by an importer with an overseas supplier is known as 'indent'

Questions

1. In the capacity of a Branch Manager, write a letter to the regional office of a bank recommending loan to a customer.
2. Write a letter from an insurance company acknowledging the claim for damage.
3. Draft a letter of import from an importer Trichy, ordering for milk products with a milk products manufacturer at America. Also draft the letter from the exporter, America accepting the order.
4. Write a letter to the importer conveying that goods have been dispatched.
5. What are the hints for drafting letters relating to import and export transactions?
6. Write a letter to your banker to confirm a telegram of stopping payment of one of your cheques.
7. Explain the important terms used in import and export correspondence.

Secretary – Meaning

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

1. Meaning company secretary
2. Correspondence by company secretary
3. Letters were written by company secretary at different junctures

The term secretary is derived from the Latin word “Secretarius” which means a confidential officer to whom confidential matters can be entrusted.

The company secretary belongs to a different class by himself. The largest and the most important group of secretaries in the business world comprises of secretaries appointed by joint stock companies. With the growth and expansion of company administration, in fact, he occupies an important position in the company hierarchy.

Secretarial correspondence

It can be classified into the following categories:

- a) Correspondence with directors
- b) Correspondence with share holders
- c) Correspondence with others.

1. Correspondence with directors

Sending notices of board meeting, reports of the proceedings of such meeting, periodical reports of the working of the company etc., the secretary correspond with the directors on special occasion, for some information or request for a matter to be taken up for discussion in the board meeting, or when the chairman wishes to communicate to the directors in connection with board meetings.

2. Correspondence with share holders

Most of the correspondence with the shareholder takes the form of circulars letters being sent to them, the notice of the meeting, agenda reports of general meeting, directors reports, letters, offering shares, making calls on shares, sending dividend warrant etc. personalized letters will have to be written in reply to certain specific request or demands from shareholders.

3. Correspondence with others

This includes correspondence with the registrar of companies, auditors, bankers, government officials and the public. While corresponding with the registrar and the government department, he must make a proper selection of words so that he does not cause any legal complication to the company.

Letter No.1

Letter of allotment of shares

VASANTH COMPANY

Registered office,

Vasanth Bhavan,

Madras – 5

November 16, 1995

Thiru S. Sekar

139, Swami sannathi street,

Tirunelveli – 5

Dear sir,

With reference to your application dated October 15.1995 for 100 shares of Rs.100 each in our company, I am directed to inform you that 75shares of Rs 100 each are hereby allotted to you.

Rs 25 per share is payable on the allotment and the details are given below.

The amount payable on the application at Rs 25 and an allotment 25% per share.

Amount already received on application Rs 2,500. Balance due to be paid by you Rs 1,250.

I request you to send the amount to us along with the letter on or before November 30, 1995.

By order of the Board,

Ram

(secretary)

Cash Receipt

VASANTH COMPANY

Vasanth Bhavan,

Madras – 5

Received a sum of Rs 2,500 (thousand five hundred only) from Thiru S.sekar for the above company towards application fee in favour of the allotted 75 shares.

S. Ram Kumar

(secretary)

Letter No.2

**Notice of the Board meeting
SUBRAMANIAN COMPANY**

58, Rail Nagar,

Mysore – 1

November 16, 1995

Thirus R.S.Manohar

33/4 Parry street,

Mysore -1.

Sir,

A meeting of the board of directors will be held on Saturday the 16th December 1995 at Registered office of the company at 11.A.M. to decide the programs for the exhibition at Bangalore. You are requested to attend the meeting.

Yours sincerely,

S. Beer Mohammed

(Secretary)

Letter No.3

**Reply to Company's non-intimation of company's affair
SIVA TRADING COMPANY**

44, sivananth street,
Tirunelveli – 1
November 16,.1995

Thiru.A.DURAI RAJ

145, chinna kadai street,
Madurai – 1.

Sir,

For the past month, our companies correspondence on all affairs was distribute by the local communal clash. So, our company has been unable to intimate some of the company affairs to all. I assure that in the future all the company affairs will be sent to you will due to care.

Please excuse for the inconvenience caused to you.

Yours sincerely,
S.Sivanupandian
(secretary)

Letter No.4.

K.Ravikumar,

Hotel Barani (Room 48)
Tirunelveli – 1
November 16, 1995.

The Secretary,
Narayanan company limited,
Madras – 5.

Sir,

On account of some personal work, I have been touring this place and I will be staying up to 31st December 1995. I have not yet received that date of the next board meeting. Therefore I request you to intimate the date.

I request that the date of the meeting may be fixed and may be informed within months.

Thank you,

Yours sincerely,
K.Ravi Kumar

Letter No.5.

REPLY BY THE SECRETARY

S.N Ramachandran,

Narayanan company limited,

Madras – 5.

K.Ravikumar,

Hotel Barani (Room 48)

Tirunelveli – 1.

Sir,

In reply to your letter dated November 16, 1995. I am directed to inform you that the next board meeting of the company will be held on Wednesday, the 20th December 1995 at 10 at A.M.

Your suggestion of informing the directors about the date of board meeting one month in advance was referred to the chairman and the same is included in the agenda for the next meeting.

Thank you,

Yours sincerely,

S.Ramachandran

(secretary)

Madras – 5

November 18, 1995

Letter NO: 6.

Invitation to a shareholder to board of directors

RIN SOAP LIMITED

45, Palace road,

Bombay – 10

November 16,1995

Thiru, R.K.Krishnan

8, Bazaar street,

Egmore,

Madras – 600008

Sir,

I am directed by the managing director to get your willingness to accept the position of director of this company in the place of Mr. Ravi, who has retired from this month.

As a shareholder of the company, you have a good knowledge and vast experience of this company. I, therefore, take a liberty to enclose the Memorandum and Articles of Association together with audit report of this year.

Thank you,

Yours sincerely,

Raman

(secretary)

Letter No:7

Letter informing the auditor of his appointment

ARASAN BEEDI INDUSTRIES LIMITED

115, Ambai road,

Melapalayam,

Tirunelveli.

November 16,1995

Thiru, A. Ganesan

Chartered accountant,

8 Kanara street,

Tirunelveli – 627001.

Dear sir,

I am directed by the Board to inform you that you have been appointed as auditors of this company until the next annual general meeting. S copy of the resolution is enclosed for your perusal.

Please confirm at your earliest.

Yours sincerely,

Ravi Sekar

(secretary)

Letter No: 8

Call of share capital

HARIRAM INDUSTRIES LIMITED

Hariram Nagar,

Trichy -2

November 20, 1995

Thiru, S.Moses

8, agrapharam street,

Thiruvengadu,

Sirkal taluk

Nagai (Dt.)

Sir,

I have been directed by the Board of Directors to bring to your notice the fact that you have not paid the call money amounting Rs 1000(one thousand) payable by November 1, 1995, on your shares in spite of a reminder sent to you on November 5, 1995.

The Board of Director here by requiring you to pay this call money within ten days from the date of this letter. If you fail to pay the amount by the date mentioned above, the shares in respect of which call was made will be liable to be forfeited.

By order of the Board of Directors

HariRam industries limited

S.Chinnasamy,

(secretary)

Letter No:9

Circular inviting application for shares

STAR CYCLE LIMITED

345, Bazaar ward,

Kurla,

Bombay – 70.

November 20, 1995.

The shareholders,

Sir,

With a view to raising funds for the construction of quarters for our employees, the Board of Directors has decided to issue 10,000 shares of face value of Rs. 100 each the details of which are given below :

1. Rs. 25 per share along with the application to be paid.
2. Rs 25 per share to be remitted at the time of allotment.
3. Rs 25 per share on 1st call and the balance of Rs 25 per share on second & final call.

The share certificate will be issued within two months from the date of allotment. The Board of Directors points out that these shares will be open to the existing shareholders. A special form is enclosed. Please return the same day filled in. the amount may be remitted to the Bank of Baroda.

Yours sincerely,
S, Beer Mohammed
(secretary)

Letter No: 10

Letter intimating rights issue
BROOKE BOND INDIA LIMITED

Calcutta – 10
20th November 1995

Dear Member,

In order to reduce the foreign holding and to increase the Indian participation, 28, 156 new equality shares of Rs. 10 each for cash at premium of Rs 3 per share are being offered to all Indian national residents in India in the ratio of one new share for every equality share held, including the bonus shares allotted already. The letter of rights set out the terms of issue and the relevant application form should also be in your hands by now.

The issue open remains 13th November and will remain open until 12th December 1995.

After the right issue, the Indian participation in the company will increase from the existing 40% to 67% and the paid up capital of the company will be Rs 1400 lakhs.

Thanking you,

Yours sincerely,
R.K Panda,
(Secretary)

Points to remember

- A company secretary occupies an important place in a corporate set up. His duties demand continuous interaction both within and outside the organization.

- **Secretarial correspondence**
 - a) Correspondence with directors
 - b) Correspondence with share holders
 - c) Correspondence with others.

Questions

1. As a secretary of the company, draft a letter to the shareholder who wants to know why the company has not been able to declare any dividend.
2. As a secretary prepare a speech for general manager to be delivered at the annual general meeting of a company.

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

- 1. Introduction to Correspondence with Government**
- 2. Occasions for Government Correspondence**
- 3. Types of Government correspondence**
- 4. Important points to be noted while writing a letter to Government**

Introduction

Official correspondence refers to correspondence between different offices, departments and branches of the government in includes inter-government, state to state and centre to state or vice – versa, correspondence also.

Official or government correspondence is a somewhat different from business correspondence since it is devoted of personal touch and is written in a very formal “official” Language and style. More important Is given to the ‘rules’ that govern dealing with the subject, to the procedure of writing letters or replies.

The selling point the courtesy the’ you attitude’which is so much important in a business communication are just set a side in an office draft and its final letter form. Of course the other essentials of a business letter, viz, correctness, completeness, consciences, appropriateness etc., are equally important in drafting official correspondence.

Occasion For Government Correspondence

Business has to correspond with the Government departments for many reasons. The department with which the businessmen remain correspondence are:

1. The postal authority.
2. The Excise and Income Tax authority
3. The Trade Mark and Patent Authority
4. The Railway Department.

Types (or) nature of correspondence

The nature of correspondence in government offices had a peculiar nature of its own examples are:

1. Memorandum (memo)

Generally, the office memorandum or memo are written between different departments ministries of the government while replying to unimportant letters or applications or petitions, sending letters to subordinates giving a circular form of information, sending routine appointment letters, acknowledgments etc., such memo does not have a salutation and complimentary close. They are mostly written in third – person singular and signed either by the officer sending the letter or by his immediate subordinate. Designation of the subscriber is appended to his signature.

2. Circulars

When a matter is required to be notified to a number of officers or department or subordinates or event to employees. The circular method of communication is used. Such a circular may are in the form of an official letter, memorandum or Endorsement. It is a draft in the first or the third person.

3. Endorsements

It is a very brief form of an official communication. When a letter has been received from another office, the original or copy of which has to be forwarded or submitted to a third party I another office for information or to report to take necessary action etc. on it. In such case, it is necessary to write a letter to which the original is attached but then the original will not be available in the office. Therefore the copy of the original is prepared and endorsed to the person or office for which the original was meant. Generally, no covering letter is sent which a communication is endorsed. No opinion or explanation is expressed in the endorsement.

4. Notification

Notification is official communications they are not addressed to any officer or individual but they are meant for information to the officer as well as to the general public interested in the notification. Communications are official communication in respect of appointments, promotions, transfers, retirements, resignation, dismissal of the government offices and such other matters.

Notification is written in the third person and is published in the official gazettes. Such notifications must bear the signatures of the heads of the office issuing them.

5. Official Letters

Official letters are generally writer to foreign governments, state government, attached and was- ordinate offices, autonomous bodies and semi government and public institutions, including the individual.

The format of an official letter is as under:

No: 115/48 – 1995
Government of India,
Ministry of Finance,
New Delhi.
20th November 1995

From,

The under Secretary,
Ministry of Finance,

To

Secretaries of all State Governments.
Educations Department

Sub: Release of Government of India Merit Scholarships

Sir/Madam,

I am directed to inform

you.....

.....

..... The under utilization of the grants is therefore considered

.....

The action is taken in the

matter.....

....

.....

.....

Yours faithfully

Ram

(undersecretary)

Important points regarding official letters are noted as under

1. The name of the government or department sending the latter may be written in the middle at the top side.
2. Unlike in a business letter, the words ‘To’ and ‘Form’ are preferred to the addressee and the sender’s name, respectively.
3. The subject and reference line may be written prior to solution.
4. The best method of solution is Sir/Madam and that of complimentary close is ‘Yours faithfully’.

5. The opening paragraph starts with the words “ I and directed to....” Or with reference to your letter No.....dated, I am directed to
6. The difference paragraphs may also be numbered serially.

6. Demi-official Letters

Popularly known as D.O.Letter, the demi-official letters are some what free from official language and style. They are intended to show the personal relationship between the sender and the addressee. Perhaps the main purpose of D.O letters is to get the information desired rather quickly by overlooking the usual official procedure.

Important points regarding D.O letters are noted as under

1. They are generally addressed by the name and designation to the person who is supposed to attend to the subject matter of the latter.
2. Solutions generally start with ‘Dear Shri’ or ‘My Dear’ or ‘Dear Sir’.
3. The proper method of subscription I ‘Yours Sincerely’.
4. It is necessary that D.O. Letters are signed by the officer concerned and not by someone else on behalf of the officer.
5. The patents phraseology of the official letter ‘I am directed to Is not used in D.O letters.
6. D.O Letters are always exchanged between two officers of equal status.

Letter No:1

REGARDING ENQUIRY OF A MONEY ORDER

S. Suresh

30. west car street,
Madurai – 1.

The post master,
Madurai -1.

Sir,

Sub: M.O for Rs 200 sent vide your receipt No.1167 of 20th October 1995.

It is hereby informed that I sent a money order for s. 200 to Mr. A. Ganeseh, 45, the papa kalam street, Trichy on 20th October 1995 vide your receipt No: 1167. But it is surprising to note to that the payee has not received the same. I, therefore, request you to enquire and inform.

Thanking you.

Yours faithfully,

S.Suresh

Madurai – 1

November 20, 1995

Letter No: 2

S. Krishnan

45 Madurai road,
Tirunelveli – 1
20th November 1995.

The post master,
Tirunelveli -1

Sir,

I sent a telegram to M. S.R. Naidu,29, Krishnapuram Colony, Chidambaram on 10th November 1995. But it is surprising to note that the address did not receive the above-paid telegram which has put me into much inconvenience. The telegram, which has put me into much inconvenience. The telegram was properly addressed and an express one.

Thanking You,

Yours faithfully,

S.Krishnan.

Letter No: 3

COMPLIANT TO THE RAILWAY DEPARTMENT

145, Kadalaikara street,

Kovilpatti – 1

November 20, 1995

The Station Master,

South Railways,

Sirkali.

Sir,

On my transfer from sirkali to this place, I had to go household articles by goods train. I packed the parcels very carefully and booked them on November 5, 1995, vide R/R.No. 3564. The packages were not heavy for carrying even by an ordinary man. But it is surprising to note that one of the parcels were broken when they arrived kovilpatti and some books worth Rs 500 are found missing. I am sure that the parcel might have been very roughly handled in transit. I, therefore, request you to arrange for payment of compensation of Rs 5,000 for the damage caused during transit.

Thanking you,

Yours faithfully,

S.Murugan.

Letter No: 4

SRI RAM TEXTILES LIMITED

8, Madurai road, thachanallur,

Tirunelveli.

20th November.

The Income Tax Officer

Zone – A,

Tirunelveli -1

Sir,

Sub: Tax already remitted – information regarding

Ref: Your demand notice No. 1234 dated

We are in receipt of your demand notice dated 10th November, 199 for the remittance of Rs 20,000 regarding the balance of assessment for the financial year on 10th May 1995. We also received your official receipt for the remittance of the balance amount.

We, therefore, request you to verify this matter and acknowledge the collection of the amount.

Thanking you.

Yours faithfully

S. Rama Krishnan,

Secretary

(For Sri Ram Textile Ltd.,)

Points to remember

- **Business has to correspond with the Government departments for many reasons. The department with which the businessmen remain correspondence are:**

1. The postal authority.
2. The Excise and Income Tax authority
3. The Trade Mark and Patent Authority
4. The Railway Department.

- **The nature of correspondence in government offices had a peculiar nature of its own examples are:**

1. Memorandum (memo)
2. Circulars
3. Endorsements
4. Notification
5. Official Letters

Questions

1. As a computer manufacturer draft a letter to the government seeking permission to import the spare parts.

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

14. Introduction to Modern Office
15. Definitions for Modern Office
16. Functions performed by the office
17. Importance of office to every business unit
18. Kind of office
19. Meaning for office manager
20. Role of office manager
21. Qualities required to become a good office manager

INTRODUCTION

The office is described as the nerve centre of the entire organization. The present day office activities have expanded to a wider extent to keep pace with rapid globalization. Further, office by itself has become an indispensable part of any business organization, Modern offices are organized on scientific principles and their management and administration are in the hands of techno-savvy office managers which have paved way for the sustenance of a business amidst cut-throat competition.

In Simpler terms, we can say an office is a place where business is carried on. In common Parlance, an office is understood to be a place where clerical work is performed and where all kinds of paper work (letters, correspondence, files, records etc) and dealt with. It is ***“a central place where all sorts of clerical work is done to coordinate and control the affairs of the whole organization”***



An office is a place for transacting business where clerical and administrative functions are carried out to coordinate and control the activities of the organization. A typical office performs tasks such as framing of business policies, processing, and communication of information record keeping, handling mails, execution of orders and managing receipts and payments. Office can be described as any place where information converges on paper, which is documented preserved and used for both current and future operations of the business,

DEFINITION

"An office is the place where the control mechanisms for an enterprise are located, where records are initiated for communication, control and efficient operations of the enterprise."

- George R. Terry

"The office is the administrative centre of business. The purpose of an office has been defined as the providing of a service of communication and record"

Mills and Standingford

Office work is not only confined to paper work but also include other activities which are well understood from the following definition :

"Office is a unit where relevant records for the purpose of control, planning and management of the organization is prepared, handled and preserved. Office provides facilities for internal and external communication and coordinates activities of different departments of the organization."

- Littlefield, Rachel, and Caruth

FUNCTIONS OF AN OFFICE

Office provides invaluable assistance to the management which involves decision making at every stage. The decisions are based on the validity and completeness of the information provided by the office. Hence the function of the office is to receive, process, tabulate and record

the information and communicate it to the proper levels of management for their use in the Decision-making process. This leads to better performance of an organization.

The activities that come within the purview of the term 'office' can be classified as:

- a. Basic or routine functions
- b. Supporting or administrative functions

Basic functions

The basic functions are essential functions of any office which includes receiving, recording, arranging, analyzing and giving (disseminating) information.

1. Receiving & collecting information: Appropriate and timely information is crucial for the the smooth functioning of any business. Information can be received from two sources viz. internal and external. Internal sources include inter departmental notes, letters, circulars, orders, enquiries, telephone messages, Short Messaging Service (SMS), electronic mail (e-mail), intranet, etc., External sources include suppliers, customers, competitors, government departments, internet etc.

2. Maintaining a record of the information: After receiving and collecting information the next major function of the office is to record the information in written form. The different forms in which records are maintained are correspondence, reports, circulars, statements, list, charts, books, registers etc., Each office determines the form, the number and nature of records to be maintained according to the need of its activities. Written records not only facilitate its communication but also its preservation for future reference. It also helps the management in taking decisions on policy matters and serves as an evidence of proof in case of disputes.

3. Systematic arrangement & analysis of information: The information that is received from various sources have to be arranged systematically in a functional manner. The information is arranged categorically in the form of financial matters, statistical statements, charts, diagrams, sales/purchase reports, etc., This manner of arrangement will enable quick access to the required information by the management to make meaningful decisions.

4. Disseminating information: Information however accurate and complete loses much of its value if it is not provided or is not made available promptly. The information must be communicated to the required persons as and when it is demanded by them. Important policies and guidelines are communicated to the top management to the lower levels of management. The information so communicated can be either routine or special. Routine information includes cash and bank balances, stock position, staff attendance etc., the Special information includes

amendments in tax and corporate laws, information about promotion etc.,

5.Coordination: Office also performs the function of coordinating the activities of different individuals and departments of the organization. Apart from providing an internal link office helps to connect with other interested parties such as customers, suppliers, creditors, middlemen, etc.,

Supporting functions

Supporting functions are inevitable in the administration of a modern office. These functions assist in performing the basic functions effectively.

- 1. Execution of management functions:** Organization of the office on modern lines is one of its important supporting functions. It involves the management functions of planning, organizing, directing, coordinating and controlling. The execution of these functions in relation to office activities facilitate the performance of the basic functions of an office in an efficient manner.
- 2. Development of office systems and routines:** For the efficient and economical performance of office operations, each major phase of office work has to be carefully analyzed and planned which are interdependent and interrelated. The routine steps for performing each phase of work have to be determined along with furniture, equipment, machines, forms etc. One of the important functions of the office is to plan and set up suitable systems and routines for each major the phase of office work.
- 3. Designing of requisite forms:** Office work being mostly paper work, suitably designed office forms are of vital importance for the systematic and speedy performance of office work. Use of standardized form simplifies office operations, increases the output of work and reduces the cost of office management. Modern offices adopt a new approach called "systems approach" which emphasizes on the mechanization of the use, preparation and movement of forms and other records.
- 4. Procurement of office furniture, equipment & machinery:** The efficient and economical the performance of office work also requires the provision of suitable and adequate furniture, equipment, machines, etc., for the different departments. Since all these are very expensive, attempt should be made to purchase such machines and equipment which could be put to multiple uses with least discomfort to people at work.
- 5. Procurement of office stationery & supplies:** Several types of stationery are necessary for doing the office operations. It is of utmost importance to purchase right kind of papers, file covers, pens, pencils, erasers, Compact Disc (CD), pen drive etc., which will be used for the

The collection, compilation, and storage of records. It is the function of the office to look after the standardization, selection, and purchase of office stationery and its distribution to different departments.

6. Performance of personnel functions: The office helps the management in the performance of personnel functions. It is the office through which vacancies are notified, employment interviews are conducted, appointment letters are sent and new employees are recruited for various positions. It also provides training for the staff. It maintains personal records of all the employees regarding their training, achievement, appraisal, leave etc. Management of the disbursement of salaries and incentives is also facilitated by the office.

7. Ensuring safety of assets: The assets of an office building include movable assets such as furniture, office machines, equipment of various types, cash and securities, records, deeds, documents, etc., and immovable assets like air conditioners, water coolers, lighting and ventilation systems, fans, conveyor belt systems, etc. Arrangements should be made for the proper maintenance of these assets against loss or damage by theft, fire or other means, as it may affect adversely the productivity of the office staff.

8. Securing public relations: Modern office focuses on enhanced public relations which necessitate the communication of the objectives, aims, and policies of the organization to the public. In turn the changing public opinion and the reactions of the public to certain actions of the organization is communicated to the management. In addition, it also attends to such other activities which would enhance the image of the organization in the eyes of the public.

IMPORTANCE OF OFFICE TO A BUSINESS ENTERPRISE

“No organization worth its name can exist without an office.” Thus, the office is an the important segment in any organization big or small, government or private and contributes to its efficient and economical functioning. The importance of an office to a business organization is high because of the variety and complications which a business enterprise is to face owing to competition, legal and statutory restrictions, the role of trade unions and a host of other factors. A business in today cannot face these challenges and problems without the assistance of a well-organized office.

Office is the real brain behind every business activity and the nerve centre of all deliberations. In the words of Dicksee, what office is to business is what the mainspring is to watch. All operations are directed coordinated and controlled through the pivotal point - Office. A well-organized office makes it possible for management to plan its operations intelligently, to execute

it effectively, to appraise the results and to coordinate all the activities of the business. the importance of office arises due to the following factors:

1. Office as an information centre : Office can be described as the information centre or data bank of an organization All kind_of information and figures, whether past or present, are available in the office. The information furnished by the office serves as the basis of the forecast, planning, and control.

2. Channel of communication: Office is a channel through which communications, especially written communications move from top to bottom and in reverse order as well. An organization would fail in spite of its best talents if objectives, policies, orders, and results are not communicated in either direction.

3. Aids in coordination: Office serves as a co-ordinating link_among all the departments of an organisation. the process of coordination is almost impossible without the presence of office. Office provides the necessary information and knowledge for coordinating the efforts of different departments such as production finance, personnel, and marketing.

4. Aids in managerial control: Control can be described as the measurement and correction of the performance of the subordinates in order to make sure_that enterprise objectives and the plans made to achieve them are accomplished. Control is thus a necessary function of management which requires

- Establishment of standards
- Measurement of performance against the standards
- Correction of deviations from the standards and plans

Control cannot be exercised only with the help and support from the office. Required data is collected, documented and presented for effective control by the office.

5. Importance vis-a-vis workers: Effective human relations requires effective organization. Preparation of wage and salary sheets and their payment are the responsibilities of office. The office is also responsible for operating employee benefit schemes such as pension and provident fund schemes. Office contributes immensely in maintaining good relations between the management and workers.

6. Importance vis-a-vis share holders & creditors: Office serves as the link between the share holders on the one hand and the company on the other. The office helps with the work related to the issue of share certificates, dividend warrants and notice of company meetings, share transfer and

answering different inquiries of share holders. Office also links the creditors with the organization and acts as a liaison for them.

7. Importance relation to customers: The importance of office in relation to customers is of great significance. The office acts as a channel that links the business organization with its customers. Their inquiries, orders, and complaints are taken care of by the office through direct personal contact. Print, visual and electronic media are used by the office to inform the customers about the products and their uses.

8. Importance in relation to government & general public: Today, a business organization is recognized as a social institution. It is required to satisfy government regulations. The office acts a link between different government departments and the organization. The office is also the link between the general public and the organization. The office is responsible for building a healthy social image of the organization in the minds of the people.

TYPES OF OFFICE

The various types of office are:

1. Front office
2. Middle office
3. Electronic or e-office
4. Virtual office
5. Back office

1. Front office

The front office is a business term that refers to a company's departments that come in contact with clients, including the marketing, sales, and service departments. The front office welcomes visitors, meets and greets them and handles their queries.

2. Middle office

The middle office comprises departments of financial services that manage position keeping. These divisions ensure that transactions capture profit flows. The middle office is usually a part of operations division, which is also in-charge of settlement. Due to their critical role, middle office functions along with the front office and is supervised by the back office managers.

3. Electronic office

The electronic office or e-office was a term coined to cover the increasing use of computer-based information technology for office work, especially in the 1980s. It is widely used since all modern offices are offices.

E-office reduces most of the paper work and also makes the office communication electronic. E-office requires the use of individual computers loaded with software applications which are interconnected in a Local Area Network (LAN)

4.Virtual office

The virtual office is the combination off-site live communication and address services that allow users to reduce traditional office costs while maintaining business professionalism. The term "Virtual Office" implies space utilization, but a full application includes professional live communications of teleconferencing.

5.Back office

The back office is a part of most corporations where tasks dedicated to operating the company are performed. The term comes from the building layout of early organizations where the front office would contain the sales and other customer-facing staff and the back office would be those manufacturing or develop the products or involved in administration but without being seen by customers. Although the operations of a back office are usually not given a lot of consideration, their contribution to the business is significant.

Examples of Back-office tasks include Accounting, Computerisation off transacts, running (operations architecture), accounting, and human supported by software & database.

OFFICE MANAGER

The office manager is the co-ordinator of the work system. He is the one who gets things done by working with people and other resources to achieve the objectives. The manager is responsible for planning, organizing and controlling the clerical aspects of the organization, including the preparation, communication, coordination and storage of data to support production and other important operations of an industrial establishment. He organizes the activities with direction and leadership and integrates the activities of the department with that of other departments. He monitors the work processes and evaluates their outcome.

Some of the functional names associated with an office manager are Manager Administration, Administrative Manager, Commercial Manager, etc. Thus, an office manager is one who performs the functions of control and direction irrespective functional name of his.

POSITION/ FUNCTIONS OF THE MANAGER

The position of the office manager is of great importance. His position vis-à-vis the organization is summed up below:

1. **Implementation of policies:** He is a part of the management and is the last link in the chain of command from top management. He is responsible for getting the work done in the office and ensures that management policies are properly implemented.
2. **Influencing morale:** Office manager is the only official with whom the employees come into contact every day, hence he will directly influence their morale and their willingness to cooperate and work.
3. **Neutral link:** He occupies an important position of great significance. He has to be neutral and act as a link between the management and the workers.
4. **Recruitment, selection & training:** Recruitment is a process of finding and attracting capable applicants for employment. The recruitment process is concerned with the identification of the possible source of human resource supply and tapping those sources. Selection helps to choose the fit candidates and reject the unfit candidates. Training is concerned with imparting and developing specific skills for a particular purpose. It is a process of learning a sequence of programmed behavior. The office manager is required to recruit, select and train the personnel. On account of this important function, an office manager occupies a vital position in an organization.
5. **Public relations:** In a modern organization, the office manager is also responsible for public relations. He projects the organization before the public. He gathers information concerning public relation and communicates them to the top management. He also advises the management about changing public opinion.

QUALITIES THAT MAKE A GOOD OFFICE MANAGER

The office manager, like any other manager in an organization, must possess certain qualities to be a good manager. They are summed up as follows:

1) **Proper education, training, and experience:**

A sound educational background is a great asset of the office manager. It is essential that he should be able to communicate well both in oral and written form. Besides, he should possess an analytical mind to take care of different situations arising in the office. He should also be well-trained in office management procedures and systems, office machines, equipment and office

routines. An awareness about the social and political environment is also an important part of his personal education as this would help him in judging the behavior of his subordinates.

2) **Ability to delegate work:** This quality of the office manager is a prerequisite for his effective performance. Delegation helps to distribute the work load of the manager and allows the firm to expand. He should initiate steps to delegate authority, keeping in mind the fundamental principles of delegation. In fact, he should go further and train workers to accept delegated work coupled with authority and responsibility.

3) **Ability to organize:** Office manager should be a good organizer. Since the smooth working of the business enterprise depends upon the office, he should be able to organize the office work meticulously and systematically to achieve the objectives and goals of the enterprise.

4) **Leadership:** Leadership is required to tackle the problems of indifference, forgetfulness, shortsightedness, and apprehensions of people. Field Marshall Montgomery defines leadership as "The capacity and will to rally men and women to a common purpose". Leadership is the ability to enthuse, to inspire and guide subordinates and its essence is the ability to get the best out of people as well as the individuals. This quality is common to all managers production, selling, purchasing, personnel or office.

5) **Personal qualities:** Some of the important personal qualities that an office manager must possess are tact, self-control, enthusiasm, sincerity, and adaptability. These personal qualities would stimulate and motivate the subordinates to perform better. It would be proper to say that personal qualities go a long way in making a leader and add to his personality. The strong moral character of a manager would enhance the morale of the office. Thus, personal qualities would help attain objectives with great ease and without much conflict.

FUNCTIONS OF AN OFFICE MANAGER.

The functions of an office manager relate to the following:

1) **Recruitment of staff:** Office manager is entrusted with the job of selecting staff for his office. He has to determine the type of people required, sources of supply, a method of selection, etc. On final selection of a candidate for a job, the service agreement is to be prepared.

2) **Training of staff:** The person selected must be rightly placed in the organization structure. Necessary training must be given and the selected person must be familiarized with the tasks that he may be required to perform. The training programs are to be devised not only for the new recruits

but also for the existing employees as regards latest appliances, techniques, and processes of office management. Suitable refresher courses can be devised by the organization, management institutions or universities for the purpose.

3) **Devising methods of work measurement & compensation:** Devising methods of work measurement is a difficult task since it is hard to measure, in physical terms, the output of the staff. Therefore, on the basis of accepted norms for work measurement, methods must be devised for both measurement and compensation to secure efficiency and cooperation of the staff

4) **Promotion:** Promotion plays a pivotal role in the growth of an organization. They help in enhancing the effectiveness of the employees. Promotion is a good way to recognize the efficiency and quality work of an office worker. Promotion should on a fair and just basis. An office manager is a key person in deciding promotions.

5) **Co-ordinating:** Co-ordinating the tasks of various workers in the office is essential for its existence. The office will be a meaningless mass of people without coordination.

6) **Controlling stationery & supplies:** He is required to enforce proper control over stationery and supplies in the office. In large offices, there should be a separate store keeper and normal procedure of maintaining stores must be followed. Sources of supply must be determined properly. Where ever procedures are laid down, they should be followed *diligently*.

7) **Accounting & costing:** Accounting and costing form a vital part of office administration. The office manager combines the duties of the accountant and his functions include directing the accounting procedure. If the costing section is located under his jurisdiction, he will be required to direct its activity too.

8) **Secretarial:** Office concerns itself more with the provision of secretarial and other related services. The office manager also plays the role of a secretary in a small organization. In which case, his duties include the duties of the company secretary. He is responsible for the share management, maintenance of the various books and registers as required by the statute.

DUTIES OF THE OFFICE MANAGER

The duties of an office manager are summarized under the following headings :

In relation to the top management

- 1) He should support and implement the policies, objectives, budgets, etc. of top management.

- 2) He should report back since he is the key person for the office function. Staffing problems arrears of work or acute work problems must be reported immediately so that work goes on unhindered.
- 3) He should cooperate with the outside management consultants. If, they have been employed to study office procedures and systems.

In relation to the work

- 1) He should see that the work is done efficiently as per the schedule laid down and as per the methods and system designed. Any work problems that arise in the course of the functioning of the office employees must be solved.
- 2) He should see to it that the work must go on continuously regardless of scale•less, leave, absence, etc.
- 3) He should ensure continuous control over all the work exercising quality control and productioncontrol.
- 4) He should see that all the office machines are in good working order at all times so that wastages are eliminated.

In relation to subordinates

1. He is responsible for assessing the quality of staffing. He should make recommendations for promotions or pay hike. He should also supervise and train staff.
2. He is a liaison between the management and the employee, he should understand his duties towards the office staff and recognize the work performed by the staff. He should take a personal interest in them and the work they do.
3. His subordinates consider him as the representative of the management. Hence all their grievances must be redressed immediately if they fall within his power or else it should be immediately communicated for top management's action.

In relation to associates.

1. He should cooperate with them fully to fulfill the organizational goals and objectives. He should transfer the staff if needed so that work goes on smoothly.
2. He should aim at systems integration. Office procedures and policies should be common for all departments to avoid conflicting aims of different managers.

Points to remember

- The office is described as the nerve centre of the entire organization.
- The office is the place of transacting business where clerical and administrative functions are carried out to co- ordinate and control the activities of the organization.
- **Basic or routine functions** - Receiving, Recording, Arranging, Analyzing and Disseminating information.
- **Supporting or administrative functions - these functions and in the following:**
 - a. Execution of management functions,
 - b. Development of office systems and routines,
 - c. Designing of requisite forms,
 - d. Procurement of office furniture and stationery,
 - e. Performance of personnel functions,
 - f. ensuring safety of assets and securing public relations

- **Office Manager :**

An office manager is one who performs the function of control and direction of the office. Some of his functional names are- Manager, Administration, Administrative manager, Commercial manager etc.

- **Qualities that make a good office manager :**
 - a. Proper education,
 - b. training, and experience,
 - c. ability to delegate work and organize,
 - d. leadership and personal qualities

Questions

1. Who is an office manager? What are his function?.
2. What are the qualities that make an effective office manager?
3. How is the office useful to various classes of people (i.e.) workers, shareholders, customers and the Government?
4. "No organisation worth its name can exist without an office". Explain.
5. The functions and duties of an office manager go hand in hand. Explain in detail.
6. Elaborate the major functions of an office.

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

1. Characteristics of an Organization
2. Importance of Organization
3. Steps in Organization Management
4. Principles of organization
5. Formal and informal organization
6. Types of organization

Characteristics of an Organization

- (i) It is a group of the individual which may be small or large.
- (ii) The group in the organization works under the direction of executive leadership.
- (iii) It is a function of arrangement.
- (iv) It consists of some direction authority which controls the collective efforts of the group.
- (v) It refers to a structure of duties and responsibilities.
- (vi) It is established for accomplishments of a common objective.
- (vii) It is a continuous function and is preferred in varying degrees by all levels of management, from the first line supervisor to the top executive of the enterprise.
- (viii) It cannot be static for the simple reason that an organization which is effective today may not be satisfactory tomorrow. it needs periodic changes and modifications according to current needs and situations in terms of objective, jobs, and personnel.

Importance of Organization

The need for organization arises when two or more people work together. A one-man business will have no difficulty about co-coordinating the efforts of the buying, selling and other management functions of the business. “but when the business starts to grow, and separate departments are created for buying. Sales, accounting administration, and so on, the need for organization grow with it”. With the growing complexities of a large scale organization, the need and importance of organization has grown substantially. The importance of organization can also be

judged from the fact that a good organization is now regarded as the foundation of sound management.

Steps in Organization Management

Organizing refers to the grouping of activities necessary for the attainment of the objective. It also indicates the authority and the responsibility assigned to the individual charged with the execution of their respective functions.

- (a) **Knowledge of objectives:** While organization, it is an important to bear in mind the objective or target of organization or department. The objective must be determined, keeping in view the environmental situation. They must be clear, precise and complete, and free from ambiguity or confusion. Unless the manager or supervisor knows the objective, he may not be able to organize properly and motivate people towards the attainment of the objective.
- (b) **Division of work into activities:** After laying down objectives, the manager must identify the total work involved in achieving them. For instance, the total work involved in a manufacturing enterprise may be divided into production, finance, personnel, marketing and such other activities.
- (c) **Grouping the activities:** The next step is to group the various activities into practical units based on similarities and importance and to indicate the person who would do the work. For instance, purchasing, machining, assembling may be placed under manufacturing while recruiting, training job grading, compensation may be placed under personnel.
- (d) **Defining and assigning activities to jobs:** Jobs must be clearly defined and the activities related to them must clearly identify and assigned. This will help the management to fix the authority and responsibility of the employees concerned.

Principles of organization

There are certain principles which have more or less universal application and which have more or less organization an office. The task of the office manager is planning organization becomes easier if he takes into consideration the following general principles of organization:

- (i) **Principles of objective:** The objective of an enterprise should be clearly laid down. Within the enterprise, there should be unity and uniformity in the policies and objectives of different departments so that every part of the organization, including the office.

- (ii) **Principles of inter-related function:** Because organizations no longer have a mutually exclusive function, but rather integrated functions, the functional area-for example, sales, production, finance, marketing, and personnel are interrelated.
- (iii) **Principles of definition:** The duties, responsibilities, authority, and relations of everyone in the organizational structure should be clearly and completely defined, preferably in writing.
- (iv) **Principles of work assignment:** the work assignment for each individual in the organization should be taken into consideration the special strength and talents of the individual. This means that an individual should be given an assignment commensurate with his or her ability and interests.
- (v) **Principles of ultimate responsibility:** The responsibility of a higher authority for the acts of his subordinate is absolute; that responsibility to his workers to do a given job, and the worker commits a mistake, the supervisor is the one accountable to his superiors. He cannot escape responsibilities by saying that the mistake was committed by a particular worker.
- (vi) **The principle of span of control:** No supervisor can supervise directly the work of more than five, or at the most, six subordinates whose work interlocks.
- (vii) **The Scalar Principle:** There must be a clear line of formal authority running from top to the bottom of every organization.

FORMAL AND INFORMAL ORGANIZATION

Formal organization

A formal organization is one in which position, Responsibility, authority, and accountability at each level is clearly defined. a formal organization is bound by the rules, systems, procedures, and methods as laid down by the top management from time to time.

According to George R.Terry, there are four basic components of a formal organization.

- (i) The work- which is divisionalized;
- (ii) Persons-who are assigned to perform the divisionalize jobs;
- (iii) The environment-under which the work is done; and
- (iv) The relationships-among persons or work units.

A formal organization is systematically planned and is based on the principle of the delegation of authority and the principle of responsibilities .it makes use of organization charts and attempts to maintain a balance among the various types of work to be done each being given the importance that its true value deserves.

The advantages of formal organization include

- (i) Avoidance of role conflict.
- (ii) Avoidance of overlapping of authority and responsibility
- (iii) The advantage of specialization;
- (iv) Defining and standardizing systems, rules, policies, and procedures of an enterprise, etc.

The limitations are

- (i) It does not recognize informal relationships;
- (ii) It creates problem of communication;
- (iii) It emphasizes structure rather than people.

Informal organization

An informal organization always exists together with a formal organization in every enterprise. In an organization, people evolve informal groups among themselves which are bound together by common social, technological work or other interests. Such groups make up an informal organization.

According to Davis “an informal organization is that network of personal and social relations which are not established by the formal organization.” It is an accepted fact that wherever people work together, social relationships and groupings are bound to arise on account of their frequent contact with one another which give rise to informal organizations.

The advantages of an informal organization are

- (i) It provides a useful channel of communication;
- (ii) It covers deficiencies of formal organizations;
- (iii) It influences the formal organizations to work carefully;
- (iv) It brings about mutuality among group members who derive job satisfaction by an exchange of ideas and views, etc.

Its limitations are

- (i) It may tend to act on basis of mob psychology.
- (ii) It may be a source of rumors or wastage of time;
- (iii) It may tend to oppose change.

TYPES OF ORGANIZATION

The process of organization involves the grouping of activities and the establishment of authority relationships among these activities. But even this is not enough. The various activities have to be necessarily coordinated for the accomplishment of organizational objectives. There are four different types of organizations, viz.

- (i) Line organization.
- (ii) Functional organization.
- (iii) Line and staff organization; and
- (iv) Committee organization.

I. Line organization

Line organization is the basic framework for the whole organization. It represents a *direct vertical relationship* through which authority flows. This is the simplest and oldest, known as the chain of command or scalar principle. The authority flows from top to the lower levels. Every person is in charge of all the persons under him and he himself is accountable to his superior only. This organization is a vertical structure where one person delegates authority to his subordinate and who in turn delegates to his subordinate and so on. Since authority and responsibility flow in an ‘unbroken straight line’, it is called line organization.

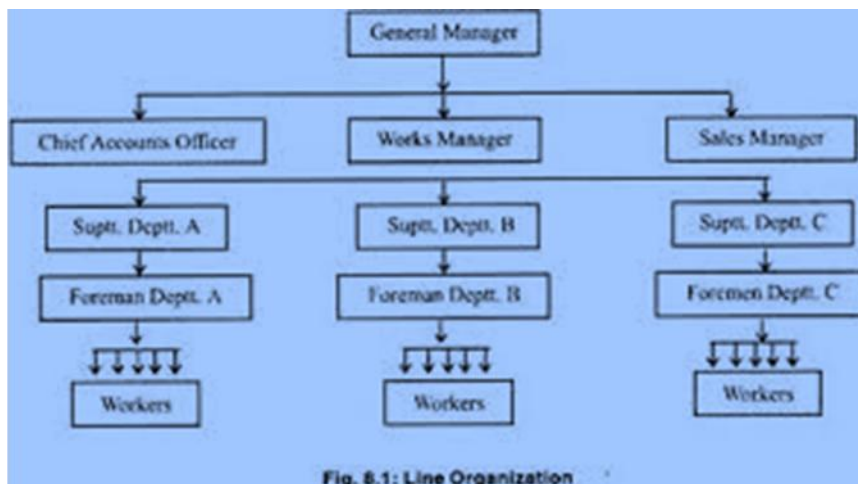


Fig. 8.1: Line Organization

Merits of Line Organization:

The line organization has the following good points:

1. Simplicity:

Line organization is simple to establish and can be easily understood by the employees because every person is accountable to only one boss. Everybody knows his work and also to whom he is responsible.

2. Identification of Authority and Responsibility:

Line organization helps in fixing authority and responsibility of each and every person in the organization. The authority is given with reference to the assignment of a task. The authority should be commensurate with the work assigned. The allocation of work will also help in fixing responsibility of various individuals. So line organization enables the fixation of authority and responsibility.

3. Coordination:

The hierarchy in management helps in achieving effective coordination. The general manager is in-charge of all the departments and he can easily coordinate the work of various departments. At departmental level manager is in-charge and he can direct the activities of his juniors.

4. Effective Communication:

The chain of command goes from top to bottom. There is a direct link between the superior and his subordinate, both can communicate properly among themselves. The reactions of subordinates also reach top management in a short span of time.

5. Economical:

Line organization is easy to operate and less expensive. There is no staff personnel to advise line officers. Line officers take their own decisions without looking to specialized personnel. This greatly reduces the establishment cost.

6. Quick Decisions:

Only one person is in-charge of a department or division. He has to take various decisions by himself. There is no staff personnel for consultation too. This enables a manager to take prompt decisions.

7. Unity of Command:

In line organization, every person is under the command of one boss only. This type of organization is in accordance with the principle of the scalar chain.

8. Effective Control and Supervision:

The number of subordinates is limited under line organization. The superior can exercise effective control and supervise over the persons under him. There is a direct link between superior and subordinates. This also helps in having better control because the subordinates will be under constant watch.

9. Executive Development:

Under this system, the departmental head is involved in taking and executing various decisions. His task is challenging and he is expected to discharge his responsibility in an efficient way. This helps an executive to learn many things and develop his capabilities.

10. Flexibility:

Since the manager has to take all important decisions, he can make changes if the new situation warrants. He need not waste time in getting instructions from above. He can take a decision according to the requirements of the situation.

Demerits of Line Organization:

Line organization suffers from a number of drawbacks.

1. Excess Work:

In line organization, too much is expected from executives. They are expected to take numerous decisions and supervise the work of subordinates under them. The work load of executives goes on increasing with the expansion and diversification of the unit. The line officer cannot devote sufficient time to each and every work and are over loaded -with responsibilities.

2. Lack of Specialization:

The lack of managerial specialization is the demerit of line organization. The line officers cannot be experts in every line of business. Since they are to take decisions with regard to every aspect of the business, the quality of decisions may suffer. The officers will have to depend heavily on subordinates for advice.

3. Lack of Coordination:

There is a lack of coordination among various departments. All departmental heads try to run the departments in their own way and according to their suitability. There may be a lack of operational uniformity among various departments. This may become the reason for the lack of co-ordination among different departments. This may become the reason for the lack of co-ordination among different departments.

4. Improper Communication:

The ultimate authority for taking all decisions lies with line officers. The line officers may become autocratic and start deciding things without consulting their subordinates. The subordinates start keeping a distance from the superiors. The decisions are implemented without comments even if these appear to be detrimental to the interests of the organization. The subordinates do not convey their reactions or the reactions of workers to the superiors. The lack of communication creates many problems for the smooth conduct of business.

5. Lack of Initiative:

In line organization, final decision-making is done by the top management. The lower level officials do not show initiative in suggesting new things. They feel that their suggestions may not carry weight with their superiors so they avoid taking any type of initiative.

6. Favoritism:

There is a scope for favoritism in line organization. The officers work according to their whims and preferences. They judge the performance of persons according to their own likings. They judge the performance of persons according to their own yardsticks. There is a likelihood that some persons may be given favors and deserving persons, on the other hand, may be ignored.

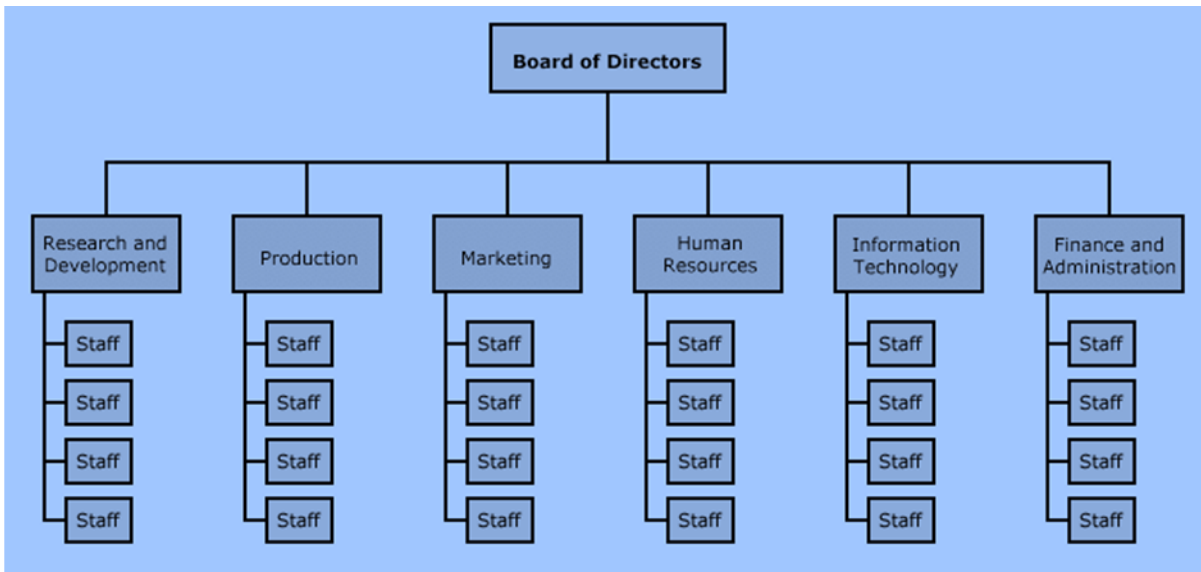
7. Instability:

The business is dependent upon some key persons and the sudden disappearance of such persons from the scene may create instability in the business. There is also a lack of grooming the new persons for taking up important work. The managerial growth also suffers because lower level persons are not involved in decision-making process.

II. Functional organization

In this type of organization, there are a number of specialists each having authority over a particular function or a group of related functions throughout the organization. Each specialist has control over the function under his charge, no matter where that function is performed in the organization.

He controls all the individuals working in that functional area. For instance, a human resource department would recruit, train and develop people required for all other departments of the organization. Every employee gets orders and is accountable to several specialists



The functional organization can be used at higher as well as at lower levels of management. At higher levels, it involves grouping of all functions into major functional departments and placing each department under an expert executive. Each functional head issues orders throughout the organization with respect to functions in question.

Merits of Functional Organisation:

1. There is a complete specialization of work and every worker receives the expert guidance of several specialists.
2. Functions are performed more effectively as each manager is responsible for one function rather than a multiplicity of functions.
3. As each supervisor is an expert in his area of work, supervision and control are likely to be better.
4. There is a democratic control. One man control is replaced by joint control.
5. The growth and expansion of the enterprise are not limited to the capabilities of few line managers.

Demerits of Functional Organisation:

1. It violates the principle of unity of command as a person received orders from several specialists. It leads to conflict and poor discipline.
2. The responsibility is divided. It is not possible to fix responsibility for results on specific individuals.
3. As because of violation of unity of command, there is a lack of co-ordination.

4. There is a delay in decision making. Decision problem involving several specialists cannot be taken quickly as consultation of all functional managers is required.
5. It is very complex and uneconomical.

III. Line and staff organization

The line and staff organization combine the line organization with staff departments that support and advise line department. In each department, there is one expert and some line personnel/line officials. Line official will do all managerial work and expert will give advice to line official or line personnel. Line and staff organization is that in which the line heads are assisted by specialist staff. The line maintains discipline and stability, staff provides experts information and helps to improve overall efficiency. Thus the staff is thinkers while the line is doers.



Merits of line and staff organization

(i) Specialization:

One of the important benefits of line and staff organization structure is that specialists can be engaged to reap the benefits of specialization and division of labour. Line executives can take advice from the staff experts and thus concentrate on the most important matters. Expert knowledge of staff is being injected into the organization in this type of structure. In the absence of staff line, executives may be overburdened as in the case of simple line organization.

(ii) Large-scale production:

Line and staff organization facilitate large scale production through specialization, standardization and effective problem-solving abilities on the part of the executives.

(iii) Scientific actions:

The actions of the line executives become scientific by careful and skill-full examination of business problems. In addition to this, line executives are benefited by the staffed advice.

(iv) Definiteness:

Authority and responsibility are rigidly defined in line and staff organization. The unity of command principle is not violated (as in the case of a functional organization) rather it is honored. The employees report to only one boss. Specialized help by staff personnel is available whenever needed.

Accountability is clear-cut and definite. Control and co-ordination are effective and discipline can enforce by in executives by virtue of undivided responsibility. Thus, line and staff organization are characterized by definiteness in all spheres of activity.

(v) Provides for training:

Line and staff organization provides a platform for training and development of employees. Line executives can improve their problem-solving abilities by observing the staff experts. Similarly, staff experts develop a tendency to view problems more rationally and objectively when they staff working with line managers.

Demerits of line and staff organization

Demerits of line and staff organization are as follows:

- (1) **Confusion:** It is very difficult to clearly establish the authority and responsibility relationship between line and staff executives. This creates confusion among them.
- (2) **Ineffectiveness of the staff:** The role of the staff is purely advisory. Since they do not have the power to get their recommendations implemented, the staff services may prove to be ineffective.
- (3) **The conflict between line and staff:** There is generally a conflict between line and staff executives, line authorities feel that staff executives do not always give the right type of advice and therefore reject even some very good schemes. Line authorities do not want to give an impression to the management that they are in any way inferior to staff. Thus there is a conflict between line and staff.

IV. Committee organization

The committee can be defined as a group of organizational members who discuss and develop solutions to problems. It can be either line or staff and can be established in a standing

(permanent) or an ad-hoc basis. In business enterprises, the board of directors constitutes the committee at the highest level. The purpose of such committees is to discuss various problems and recommend solutions to the management. It is generally found to co-exist with line and staff type of organization. The Board of Directors of a company is an example of a committee organization. This form of organization is suitable for taking decisions on policy matters or laying down broad objective for the enterprise.



Merits of committee organization

- (1) It is an excellent medium for discussion and education and of communication between management and workers.
- (2) It is extremely useful in coordinating plans as well as in facilitating their execution.
- (3) Setting organizational objectives, and developing and finalizing plans and policies require pooling of information, abilities, and expertise, as well as the integration of conflicting interests and viewpoints. It is not one man's job and is best performed by committees.
- (4) Sometimes problems are so complex or of inter-departmental nature that they are best solved by committees composed of concerned executives.
- (5) It is able to serve as a mechanism of participative decision making. By participating in discussions or decision, a member feels motivated in accepting a situation or implementing a decision.

(6) Committee form of decision making is, of course, a democratic process. It reduces the tyranny of executive authority and provides for participative decision-making.

(7) It is extremely useful in coordinating plans as well as in facilitating their execution.

Demerits of committee organization

The disadvantages of the committee organization are as follows:

- (1) It is an expensive device both in terms of time and cost.
- (2) Nobody is accountable for committee decisions. A committee decision is nobody's decision just because it is everybody's decision.
- (3) Often committees result into more conflict than problem-solving.
- (4) The decisions taken in committee organization are the result of compromise and hence they are generally slow in forthcoming and weak.

- An Organisation is a group of the individual which may be small or large.
- It is a continuous function and is preferred in varying degrees by all levels of management, from the first line supervisor to the top executive of the enterprise.
- **Principles of organization**
 - i. Principles of objective
 - ii. Principles of inter-related function:
 - iii. Principles of work assignment
 - iv. Principles of inter-related function
 - v. Principles of definition
 - vi. Principles of ultimate responsibility
 - vii. The principle of span of control
 - viii. The Scalar Principle

- **Types of organization**

- i. Line organization.
- ii. Functional organization.
- iii. Line and staff organization
- iv. Committee organization

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

- 1. Introduction to office system**
- 2. Features of office system**
- 3. Importance of office system**
- 4. Meaning for procedure**
- 5. Merits and demerits of procedure**
- 6. Characteristics of a Sound Procedure**
- 7. Formulation of good procedure**

Introduction

The word office system has a different meaning to different authors. In simple words, a particular set of work arranged in sequence wise is called office system. In a broader sense, it denotes the sum total of various elements or components of an office. Operating in a predetermined way to attain a particular phase of office work.

It gives a complete picture of personnel, forms, records, machines, and equipment involved in completing a major phase of office activity. The use of proper system enables to bring efficiency in the utilization of the organizational resources, control operating cost and improve operating efficiency.

According to Terry, "the network of procedures integrated and designed to carry out a major activity" is called a system.

Office system contains the following features

- (a) It is a planned way of doing an assignment.
- (b) It divides work into sequences of operation.
- (c) The works performed in doing an operation are inter-related.
- (d) The system is directed to attain the set of objectives of the enterprise.

Importance of office system

A system is a *network of procedures*, which are integrated and designed to carry out a major activity. A group of interrelated procedures necessary to achieve a well-defined goal is called a system. Every system consists of two elements like office routine and methods.

The importance of good system are:

- 1) Good office system enables the smooth running of office work as it tries to avoid bottlenecks and interruptions.
- 2) Good office system reduces the chances of errors and frauds.
- 3) Good office system ensures complete efficiency of the organization.
- 4) Good and efficient office system facilitates the new clerk to know the job easily and quickly. Much time is not needed for his training.
- 5) Good office system ensures speedy doing in office operation.

MEANING – PROCEDURE

A procedure is a planned sequence of operations for handling recurring business transactions uniformly and consistently. It is a series of operations directing towards achieving a particular objective, such as placing the order, receiving the goods and inspection of the same. Every system is composed of a number of procedures. For instance, a pay roll is made up of a network of procedures for the determination of wage rate, calculation of time spent on the job, wages and subsequently preparation of pay roll.

Definition- procedure

According to Carl Heyel, "A procedure is a series of logical steps by which all repetitive business actions are initiated, performed, controlled and finalized. A procedure establishes what action is required? who is required to act? and when the action is to take place? Its essence is laying down the chronological sequence and its implementation is translated into results or actions."

Benefits of Procedures

The importance of systems analysis has gained so much of importance that there is now a strong trend to view an entire organization as one master system, consisting of a separate system for selling, credit, control, accounting, handling of personnel and carrying out other work sequences. The contribution of procedures to management effectiveness is as under:

1. ***Procedures provide the sequence of action:*** To perform any activity, every employee is instructed to follow a definite track. It minimizes delay and errors in the smooth flow of work.
2. ***Economizes the uses of resources.*** This is possible due to increase in efficiency and elimination of wasteful motions, and delays.
3. ***Facilitates coordination.*** Good systems provide for coordination of different procedures necessary to perform a work. They can also serve as the basis for achieving coordination among different sections of the organizations.
4. It serves as the ***basis of control.*** It provides mechanization for comparison of actual performance with standards and thereby facilitates correction of deviations.
5. ***Training systems can be used to train the new employees.*** Employees can be made to understand the details of their jobs easily if they know the systems and the relationship of their jobs to various systems.
6. ***Ensures smooth operations.*** The primary objective of office procedure is to perform the office operations effectively and economically. This is achieved by simplifying the procedures, eliminating unnecessary business forms and records, avoiding duplication of activities and mechanizing the routines whenever possible to achieve economy and efficiency.

Limitations of Procedures

Office procedures suffer from the following limitations:

1. ***Limitation of planning.*** A procedure is no better than the planning that goes into it. Therefore, a procedure must be planned by doing sufficient ground work and it must be given a trial before it is put into practice. A procedure must be kept up to date because it may become obsolete due to changes in the organization.
2. ***Limitation of rigidity.*** A procedure may tend to be rigid as it represents 'one best way of doing work'. Every procedure must incorporate an element of flexibility and should not discourage initiative from the employees.
3. ***Limitation of the situation.*** A procedure may not work in all situations. It may fail to handle unusual situations.
4. ***Limitation of integration.*** Different procedures are inter - dependent requiring their integration for achieving the objectives, but the integration of system is a very difficult task.

Characteristics of a Sound Procedure

A well-designed procedure should possess the following characteristics:

1. **Efficiency:** A procedure is said to be efficient if it achieves the desired result by using the minimum time, effort and equipment. The value of output will be greater than the value of inputs.
2. **Effectiveness:** A procedure is said to be effective if it accomplishes its goals within the constraints imposed upon it. It should ensure economy in the office operations.
3. **Simplicity:** A procedure should be simple to understand and follow. It may not be complex to be good. It should be so designed that it fits into the organizational requirements.
4. **Consistency:** A procedure should ensure consistent results every time; otherwise it will be devoid of reliability or dependability. It should cause a minimum number of mistakes.
5. **Flexibility:** A procedure must be well defined and structured. It should not be so rigid that it discourages innovative ideas. It should be sufficiently flexible to absorb changes and to deal with exceptional problems.
6. **Acceptability:** A procedure should also be acceptable to those who are to use it, Therefore, a procedure should be designed keeping in view the human element.

Guidelines for the formation of procedures

The person responsible for the formulation of procedures should adhere to the following guidelines:

1. The purpose of the work should be determined because the knowledge of the purpose is necessary for the formulation of the procedure.
2. Each step in the procedure to be formulated should be carefully analyzed in order to justify its purpose.
3. Each step in the procedure must advance the work and there should not be delay while doing the work
4. It should avoid duplication of work.
5. It should minimize paper work
6. It should help in reducing work time. and It should reduce unnecessary checking
7. It should smooth flow of work without bottle necks.
8. It should make the best possible use of specialization

Points to remember

- It is a planned sequence of operations for handling recurring business transactions uniformly and consistently.
- **Benefits of procedure**
 1. Economizes the uses of resources
 2. Facilitates coordination
 3. It serves as a basis of control
 4. Training system can be used to train the new employees
 5. Smooth operations
- **Limitations of procedure**
 1. Limitation of planning
 2. Limitation of rigidity
 3. limitation of situation
 4. Limitation of integration
- **Characteristics of a sound system**
 1. Efficiency
 2. Effectiveness
 3. Simplicity
 4. Consistency
 5. Flexibility
 6. Acceptability

Questions

1. List out the characteristics of office system.
2. Distinguish between office system and routines.
3. Explain the importance of system and procedure in an office.

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

- 1. Meaning for office equipment**
- 2. Concept of Office mechanization and its merits and demerits**
- 3. Objectives of mechanization**
- 4. Principles to be followed while selecting office appliances**
- 5. Different types of machines on time and labour saving**
- 6. Office furniture**
- 7. Principles to be considered while buying office furniture**
- 8. Types of furniture**

INTRODUCTION

Office equipment and machines play a vital role in the efficient performance of office work. They are crucial for the accurate and speedy performance of office work by the clerical staff. Office work is mostly indoor desk work, the clerks have to sit in the office for long hours of the day. The work is mostly routine and monotonous in nature. Efficient performance of work is impossible in the absence of the equipment, machines and comfortable working conditions.

Appropriate office machines and equipment should be used so that the work can be done efficiently at minimum possible cost. Moreover, better quality equipment not only improves the general efficiency of the office employees but also increases the goodwill of the organization among its visitors. In today's fast paced world, mechanization has come to play a larger role making imperative the selection and use of right type of office machines and equipments

MEANING OF MECHANISATION

Office mechanization refers to a process whereby office machines and equipments are introduced in the office with a view to aiding administrative process. Office mechanization may take over some of the functions performed by office staff, for example, the computer is one such machine which has taken over most of the operations which were earlier performed manually.

A systematic and planned effort to introduce suitable machines for doing office work, hitherto done with hands or simple equipments is known as mechanization. A big office uses highly sophisticated and expensive machines including computers, while a small office uses less expensive machines such as typewriters, duplicating machines, calculators, etc. Thus, machines have become indispensable for performing office work efficiently.

Modern offices prefer mechanization to improve performance to achieve saving in time and clerical cost, to ensure accuracy and to provide a safeguard against fraud. Work done by machines is neat, clear and results are quickly obtained. The machines are not installed merely to tackle the volume of work but also to bring distinctive improvements in results.

Shifting to machine operations need investments in the form of capital assets like machines, equipments, and other accessories. It also calls for additional cost in the form of maintenance and repair of machinery, insurance, premium, the cost of accommodation, stationery etc. Machines are to be operated by skilled operators were higher emoluments also add to the cost. Highly sophisticated machines like computer need special accommodation and maintenance which also lead to increase in cost. Therefore, the decision to mechanize office operations should be determined by the cost benefit analysis.

OBJECTS OF MECHANIZATION

Mechanization in the office refers to a process whereby office machines and equipments are introduced in the office with a view to aiding administrative processes.

Mechanization in the office has the following objects:

1. **Labour saving:** Mechanization aims at saving labour. It may either reduce the total wage bill or the same number of employees may perform a larger volume of work.
2. **Time-saving:** Saving in time is another objective of mechanization. The work that would take hours can be done in no time with the aid of machines.
3. **Accuracy:** Ensuring accuracy is one of the prime objectives of mechanization. The use of machines enables completion of work with accuracy.

4. **Elimination of monotony:** Repetitive processes are monotonous and office machines aim to eliminate the monotony of these repetitive processes.
5. **Standardization:** Standardization of work procedures is desirable which can be best achieved with the help of machines.
6. **Lesser frauds:** Mechanisation also minimizes the chances of fraud in office work.
7. **Storage of facts and data:** Machines like computers store a large volume of facts and data for future reference.
8. **Interpreting facts and data:** Machines, like computers, interpret facts and data for decision making and control.

MERITS OF MECHANISATION

Mechanization has become an integral part of the modern office administrative process because it offers many advantages:

1. **Better quality of work:** Machines help to improve the quality of work done in the office. It aids in systematic execution of work.
2. **Lower operating cost:** Operating cost per hour of work declines with the use of machines. But this requires a large amount of initial capital investment. Long term investment in machines proves to be beneficial in the long-run.
3. **Greater efficiency:** Machines bring speed and efficiency to all types of office work. The work that may take hours to finish manually may be finished in lesser time. Improved efficiency leads to greater profitability and at the same time creates a good image in the minds of the people associated with the organization.
4. **Better accuracy:** Machines ensure better accuracy. Chances of errors are eliminated. Thus the work goes on smoothly, bottlenecks and delays are almost reduced.
5. **The facility in control:** Machines facilitate the managers to exercise a better degree of control over their subordinates. For example, access card for entry and exit into an office ensures the presence of a worker during office hours.
6. **Facilitates standardization of office routines:** Mechanization facilitates standardization of office routines and procedures. This, in turn, helps in better coordination of work.

7. **Relieves monotony:** Mechanization reduces the monotony of carrying out repetitive processes which are uninteresting and time-consuming. The office worker is thus relieved from undergoing the same process again and again.

DEMERITS OF MECHANISATION

The demerits of mechanization are summarized as follows :

1. **High cost of installation:** Most of the modern office machines require a huge investment. Thus, smaller firms cannot take advantage of many controls.
2. **High cost of operating:** Operating certain types of machines and equipment involves high cost.
3. **High cost of breakdowns:** It is very expensive to repair the machinery in the event of its breakdown which in turn affects the flow of work
4. **Problem of monotony:** Use of office machine creates a problem of monotony as it is in the case of the production department. The workers are replaced by machines and monotony becomes a problem in the office. The machines may thus restrict initiative and creativeness.
5. **Problem of training office workers:** Office workers must be trained to work on the office machines. In the case of use of sophisticated machines, such training is an additional cost to the company.
6. **Hostility of office workers:** Workers are hostile to the introduction of certain types of machines like computers. This has been a very common experience in our country. Thus, the industrial peace may be disturbed to the detriment of the organization.
7. **Under utilization of machines:** Many costly machines are not used every day but they are used occasionally. Similarly, some machines may be used more continuously during the busy season. However, it is essential that a machine must be used continuously to make it a worthwhile investment.
8. **Lesser flexibility of office system:** Mechanisation of office leads to less flexibility. For example, mechanization of accounting system demands a rigid structure.
9. **The risk of obsolescence:** Many machines have a high degree of obsolescence. The machine and its method may become out of date at a rapid pace. In order to avoid this risk machines having universal application should be purchased.

10. **Surplus staff:** Many machines require trained operators and the absence of them results in accumulation of work. To avoid this situation, training of more than one worker is compulsory.

11. **The dominance of machines:** Workers in an organization should not become subordinates to machines. Care should be taken to avoid a situation where machines will become more important than the work it produces.

PRINCIPLES TO BE FOLLOWED IN SELECTING OFFICE APPLIANCES

Once the need for a machine for a particular operation (or a set of operations) has been determined, the next task is to select the right type of machine for the purpose. Since many machines and equipment are available, it would be desirable to be careful in the selection of the most suitable type of machine. Improper selection of machines may prove to be costly and troublesome. It would be worthwhile to keep the following principles in mind while selecting office machines and equipments:

1. **Principle of cost:** The machines and equipments concerned should have the least cost in the given circumstance. The cost of a machine has two aspects - initial cost and operating cost. If a machine is expensive and its operating costs are low, it may be preferred without compromising on the quality.
2. **Principle of quality:** Machines and equipments must be of good quality so that the quality of work performed is of the desired standard.
3. **Principle of maximum benefit:** It is necessary for the office machine to give maximum benefit keeping in view the cost.
4. **Principle of suitability:** It is important that the office machines are suitable for the process for which they are bought. They should not be opted for as a mere status symbol.
5. **Principle of adaptability & multiple use:** It would be better to install machines with multiple uses so that idle time is reduced to the minimum and machines are put to maximum use. Indirectly it means that machines should be light in weight so that they can be easily moved from one place to another.
6. **The principle of standardization:** Purchase of equipment and machines should be standardized as it would result in the following benefits to the organization:
 - a) Reduced prices due to larger purchases.
 - b) Lower maintenance costs due to servicing of fewer makes of machines.

- c) Operators can be trained more simply and easily.
- d) It is easy to purchase and use office forms to fit a very few make of machines.
- e) Computation of depreciation of machines would be easy.
- f) It would assist management in measuring the work output of different personnel in the office.

7. **Principle of optimum use:** The machines must be put to maximum use. At the time of purchase, the quantum of use in relation to cost must be determined.

8. **Principle of durability:** A machine must be durable. It should have a long life and also should be free from frequent breakdowns and repairs.

9. **Principle of adequacy:** The machines must be bought in adequate numbers so that each department has the desired number of machines. Constant shifting of the machine from one department to another would pose many problems.

10. **Principle of least space occupancy:** It is essential that the machines should occupy the least floor space, desk, and shelf spaces. Large and heavy machines often occupy costly space and thus add to the indirect cost of the organization.

TYPES OF TIME & LABOUR SAVING DEVICES

The machines used in modern office are too numerous to narrate. These machines are classified into the following categories:

1. **Instructional machines** - Telephone, mobile phone, inter-communication system and Dictaphone.
2. **Copying and duplicating machines** - Typewriters, duplicators, addressing machines and Photostat machine.
3. **Accounting, tabulating and computing machines** - Adding a machine, calculating machine, cash register, billing machine, an accounting machine, tabulating machine and computer.
4. **Miscellaneous machines** - Franking machine, impression stamp, time recording machine, pay roll machine, envelope sealing machines, calculators, etc.

Instructional machines

1. **Telephone:** Every big business house uses a telephone connecting internally and with other organizations. The telephone has become a necessity for modern business houses. With the help of

this facility, a firm can have quick and prompt communication with the external world. Big firms employ trained telephone operators to receive phone calls from outsiders and to connect insiders with outsiders and vice versa



2. **Mobile phone:** In this rapidly changing world communicating on the move has become a dire necessity. Mobile phones serve this purpose of offering mobility and connectivity to the users, anytime in any part of the world. Further, businesses provide a mobile phone with a User Group (CUG) facility to its employees to enable communication within the group at an economical rate.



3. **Inter communicator system (Intercom):** Intercom system is generally used when sufficient telephone extensions are not possible. Generally, intercom equipment has an automatic switch board which allows the extension users to dial other extension users direct. An executive may need to refer to his staff or they may need to refer to each other frequently and quickly.

There are many types of inter-communication equipment which enable contact to be made "at the flick of a switch". The simplest inter-communication equipment is one-way which allows only the caller to speak. The caller's microphone can be 'used to several points within the building. Systems which allow two-way conversation can be as simple as two telephones instruments with buzzer call. Two-way intercom is a valuable time-saver because instant consultation is possible without having to travel between various points in the office.

4. **Dictaphone:** Generally, dictation is given to the stenographer which requires the simultaneous presence of the executive under the stenographer at one place. This may not always be possible



due to various reasons. Dictaphone enables the executive to dictate on the machine at his own pace and leave the rest of the job to be done by the typist. This machine is later played on by the typist to transcribe the message on the typewriter.

Copying & duplicating machine

1. Typewriter :

Typewriter, one of the oldest forms of office machine is still in use in certain offices. The



typewriters produce text material on a page similar print. They are of three electric, automatic and electronic.

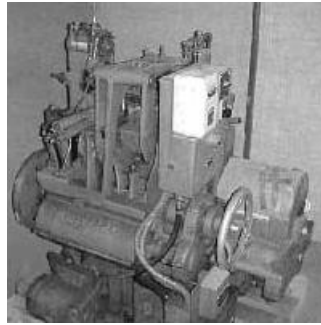
- a. **Electronic typewriters:** typewriters are typewriters which work with an electric motor. The touch of fingers set the keys in motion and the impressions are uniformly perfect.
- b. **Automatic typewriters:** They are power &iven machines that help to reproduce identical copies of the original copy at great speed.



- c. **Electronic typewriters:** Electronic typewriters Ee based on the sophisticated microprocessor technology. Every electronic computer has a which enables it to remember a large volume of information and to type it out automatically at the press of a button.

2. Duplicators

Duplicating is a process where by a master copy is prepared from which a large number of other copies are obtained with the help of the same duplicator. It is a substitute for printing.



There are two types of duplicating machines.

- a. **Offset lithograph:** Under this master copy is prepared on thin metal sheets and are used for duplicating and the machines of the rotary type and are generated by the power at high speed. This process is recommended where long runs of many thousands of copies required for line drawings and reproduction on any kind of paper
- b. **Typeset Duplicator:** Individual pieces of type for each letter are set up around the outside of a drum. The printing takes place usually by means of an inked ribbon. It can be operated manually or with the help of a motor. It can produce up to 3000 copies per hour. The machine is quite expensive and particularly suitable for printing on cards. The process of setting up the type is slow and laborious.

3.Addressing Machine:

This machine is used to print addresses on envelopes, wrappers, parcels etc. to be sent frequently to a large number of regular customers. In Addressograph machine inked ribbon is used to print the addresses from plates. List of addresses once prepared can be repeatedly used any number of times.

The address plates are stacked on a hopper fitted to the machine. The required plates are automatically selected and fed into the machine. These machines may be operated manually or electrically.



ACCOUNTING, TABULATING AND COMPUTING MACHINE

Modern organizations, including government offices, have to cope with a large volume of a figure work. Not only accuracy but also speed too is essential in doing the figure work.

Accounting machines help in computing and analyzing various types of figures with the utmost accuracy and at fantastic speed. The various kinds of computing, accounting, and tabulating machines are considered below.

i) Adding machine

Adding machine may be either manually or electronically operated. Most adding machines have a roll of paper on which the figures are typed, and this is known as a “tally roll”. It is used for addition and also for multiplication, subtraction, and division, both electric manual.



ii) Calculating machine

Calculating machines contribute greatly to business efficiency by eliminating routine and tiring mental work. They contribute to the economy in staffing and also increase clerical efficiency. The essence of a calculating machine is that it can perform multiplication and division as well as addition and subtraction operations. It operates at a very fast speed and does not make any noise, but such machines are usually expensive.

iii) cash register & coin handling machines:

The cash register is very useful where a machine is required to print a receipt, produce posting slip and sales analysis. This type of machine can record cash fi•transaction on a tape, produce printed slips and operate the cash drawer. The machine is key set and electrically operated.



Retail stores and Railway booking offices also use coin handling machines which record, sort, store and return coins of different denominations to the customers. They return the correct amount to the customers and all cash receipts are recorded by the machine.

iv) Billing machines

Milling machines are used to prepare invoices, bills of lading, cash memo, etc.

The machine makes all calculations of discounts, commission, addition, subtraction, total, etc. Papers and carbons are fed into the machine and set automatically.



4. Accounting machines

Accounting and book keeping machines may well be compared with typewriters. These machines are used for,

- posting in journals, cash book, ledger, etc.

- preparation of cheques, payrolls, cash receipt and payment sheet
- preparation of copies of ledger accounts along with posting
- calculating and computing figures and drawing ledgers or cash book balances

Tabulating machines

These are combinations of adding machines and sorting devices and they involve two processes sorting information into classes and adding up the total of each class. For tabulating statistical information by the machine, the cards are punched using punched card machine, sorted, tabulated and printed on paper in columns and rows. If in an office a large amount of information is to be handled daily, automatic tabulating and sorting machines can be used.

Electronic computer

It is the latest addition to the long list of office machines. It is a general purpose machine with the capability of performing most clerical operations at high speed. It is an electronic device by which data is processed electronically at great speed. It can handle the whole system of operations; change automatically from one operation to another in the desired sequence and even select alternative courses of action on the basis of the data received and the result of previous operations. An electronic computer is a replica of the human brain. It minimizes the chances of error and leads to an integrated approach for a various system of operation in the organization. It may be noted when the computers are used for data processing, the processes are known as Electronic Data Processing (EDP).



There are two kinds of computers; (a). analog computer and (b). digital computer. Analog computers are used for scientific and research data processing. Digital computers are used for calculating the data in one billionth of a second.

a. Functions of a computer

A computer performs the following functions:

1. It receives programs of instructions, stores them in the memory and uses them when instructed.
2. It performs arithmetical calculations.
3. It serves as a store house of information. It provides information when required.
4. It arranges information in the desired sequence.
5. It helps in evaluating various courses of action.
6. It applies checks to the data fed into the computer. It points out the inconsistency in the data if any.

b. Advantages of computer

1. Computers can store a large volume of information.
2. Data is processed at a very high speed.
3. Computers relieve clerical staff from the routine and monotonous job.
4. Computers help indirect savings by having its application to inventory control, stock evaluation, etc.
5. Computers help in coordination and assimilation data for the whole business, for instance, it can easily reveal stock position branches of an organization.
6. The computer helps in taking managerial decisions by evaluating various courses of action.

c. Disadvantages of a computer

1. The installation of a computer often requires preparatory work regarding configuration, the number of machines, networking, etc.
2. It is a costly device to install and maintain. It can be used only by big organizations.
3. Trained personnel are required to operate the computer. Thus labour cost is increased.
4. Maintenance cost of a computer is very high. Any break down of a computer would completely dislocate the office work.
5. The installation of a computer is generally resisted by the employees because they feel that it will lead to the replacement of human labour.

Computers have gained popularity with big industrial undertakings and government departments like railways and police. They are also used in educational institutions, research

institutions and they can be used for the preparation of schedules for controlling traffic, for preparing pay rolls, for carrying on stock control, for keeping up to date records, for making calculations of insurance and for many other jobs.

Miscellaneous machines

1. **Franking machines:** Franking machine is used in large offices for affixing postage stamps on envelopes. In offices where thousands of outgoing envelopes have to be stamped each day, these



Franking Machine

machines are very useful. The outgoing mail is inserted in the machine and a handle is operated either manually or electronically. The franking machine automatically prints in a franking design comprising the postal charge and the date of posting in bright red ink. It has a meter which records the amount and balance on hand.

2. **Impression stamps:** These include rubber stamps bearing certain impressions like "paid", "delivered", "checked", etc. Stamps bearing date with time and numbering devices also fall under this category.

3. **Time recording machine:** These machines are used to record the correct time of arrival and departure of the office and the factory employees. The time is printed on the cards.



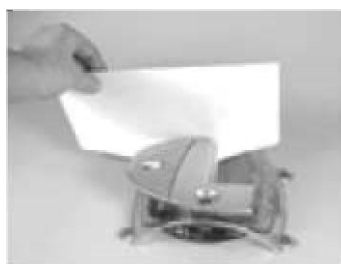
4. **Payroll machines:** These machines are also called as steel paymasters; they perform many tasks that are related to payments of wages. They can make the calculation of wages, counting the exact money for the employee (by making up the denomination of the notes).



5. **Cheque writing machines:** Also known as proctography, these machines are used to write particulars on a cheque. And crossing it the usage of these machines eliminates the possibility of frauds and alterations of the content of the cheque.



Envelope sealing machine: This is a machine which automatically seals the envelopes. It will dampen the gummed flaps of the envelopes; thus sealing of the envelopes becomes very easy.



Punching machine

This is a small device which punches holes on the papers. The holes are required to tag and fasten the papers. It is operated manually.



Stapler

It is a small machine which binds together a few papers with a small piece of thin wire. It is very commonly used in the small office.



OFFICE FURNITURE

Office furniture is necessarily a part of the total environment in which the employees work. It can be described as a basic facility with which an employee identifies himself. Right kind of furniture must be provided so as to provide maximum comfort to the employee, reduce fatigue and keep health hazards to the minimum. The number and type of furniture to be purchased for any office will depend on the number of departments and office workers, nature and volume of work to be performed and the office space available for their accommodation.

The choice between the wooden furniture and metallic furniture will largely depend upon the following factors

1. Amount of investment
2. Mobility
3. Safety against fire
4. Ease of maintenance
5. Design
6. Durability
7. Space occupied, etc.

PRINCIPLES IN SELECTING THE FURNITURE

Following are the factors to be considered in selecting office furniture:

- i. **Funds:** A number of funds available determine the kind of furniture to be purchased, but at the same time it would be essential to keep in mind the most suitable type of furniture.

- ii. **Durability:** It is an important factor. Steel furniture, which is becoming quite popular in modern offices, is more long lasting than the wooden furniture.
- iii. **Saving in space:** Decisions regarding choice of furniture should depend upon the space available in the office and the number of persons working there.
- iv. **Comfort:** Furniture offering comfort must be chosen. This adds to speed and better morale of the employees.
- v) **Appearance:** the Good appearance of furniture improve the ambience of the office. Hence furniture should not only be functional but it should also have a pleasing appearance.
- vi) **Hygiene:** The ease of cleaning furniture or space underneath is a problem to be considered at the time of its choice.
- vii) **Finish:** Glossy surfaces should be avoided because they create glares and thus increase the tension.
- viii) **Saving in labour:** Economy in working is an important function of office furniture. Certain furniture has built-in units for storage that save movement and walking about by the employees. Preference should be given for such kind of furniture.
- ix) **Multipurpose or adaptable:** The furniture to be selected must be adaptable to different uses in the office. This permits standardization in the purchase of multi-purpose desks and enables office workers to perform more than one type of work with the help of the same kind of furniture

TYPES OF FURNITURE

Every office requires different types of furniture. Furniture can be classified on the basis of its physical appearance like chairs, desk, etc. Another classification is on the basis of the purpose for which it is used e.g. Executive furniture, Special purpose furniture, Built-in furniture and General clerical furniture

1. **Desk:** The performance of an office employee is very much influenced by the type of desk he uses. Therefore, a suitable type of desk should be provided to the employees. The primary function of any desk is to provide a suitable surface for writing, checking, sorting and examining. As far as possible, the desks selected for office should have a multi-purpose use. There are different types of desks for different persons depending upon the nature of work and status- i) Executive desk ii) General Purpose desk and iii) Computer desk.
 - a. **Executive desk:** These are designed to suit individual tastes and quite often they are designed as a showpiece of an organization. Their purpose is also to impress visitors.



Executive Desk

Executive desks are generally double pedestal. Sharp edges and corners are eliminated. The table top is covered with a sheet of glass.

- b. **General purpose desk:** It is a general purpose single pedestal desk with less elaborate design.



- c. **Computer desk:** Computer desks generally standard flat-topped, single or double pedestal desk with provision for placing keyboard



Computer Desk

There are devices which may be incorporated in the desks. The office manager may choose any of the devices depending upon the requirements of the office and convenience of the staff. While placing an order for office desks, the office manager should consider carefully the design of the desk, weight, size, depth, storage space, special needs of the job and the status of the employee who is going to use it.

2. Tables

Tables are generally needed for of mail despatch, temporary housing of files, registers, and file trays, for holding a meeting of committees, etc. However, in some office table



An ideal table

fitted with drawers and other devices are still used by clerks for writing purpose. Most of these are of conventional dimensions.

3. Chairs

The types of the chairs which are in use in modern office are revolving chairs, saddle-seat chairs and computer operator chairs. There is a need for providing the right type of chairs to the



office employees as they spend most part of the day in the office. If the chairs are uncomfortable, they cause physical strain and fatigue to the staff and consequently, reduce their efficiency. The height of the chair, the angle of the back rest and the shape of the seat should be such that the person using it should be in a position to sit in a correct posture comfortably without any physical strain or discomfort. Chairs meant for computer operators should have adjustable back rest to enable the user to perform their work efficiently.

FITTINGS AND ACCESSORIES

Generally, office fittings include desk lamp, telephone stand, waste paper basket, shredding machines, etc. When choosing or selecting such items, their color may be considered, because the color of these must not ruin the pleasing atmosphere of the office. Clerks should be provided with certain accessories in order to perform their work efficiently. Such items may be pen holders, sorting trays, boxes, cabinets, etc.

Points to remember

- Office Equipment and machines play a vital role in the efficient performance of office work.
- Office Mechanisation refers to a process whereby office machines and equipment are introduced in the office with a view to aiding administrative process.
- Modern offices prefer Mechanisation to improve performance and to provide safeguard against fraud.

- ***Objectives of Mechanisation:***

Mechanisation in the office has the following objectives-

1. Labour saving
2. Time-saving
3. Accuracy
4. Elimination of monotony
5. Standardization
6. Lesser frauds
7. Storage of facts and data
8. Interpreting facts and data

- ***Factors to be considered in selecting office appliances:***

1. Cost, quality
2. Maximum benefit
3. Multiple uses
4. Durability
5. Suitability
6. Adequacy

7. Optimum use
8. Least space occupancy

- ***Factors to be considered while choosing furniture:***

1. Funds
2. Durability
3. Saving in space
4. Comfort
5. Appearance
6. Hygiene
7. Finish
8. Saving in labour
9. Multipurpose or adaptable.

Questions

1. Explain the various types of machines generally used in the offices of large business houses.
2. What are labour saving devices?
3. Explain the advantages and disadvantages of mechanisation.
4. Explain the principles of office machines and equipment selection
5. Describe in brief the types of time and labour saving devices.
6. Bring out in detail the functions, advantages and disadvantages of computers.
7. What are the advantages of mechanisation?
8. Describe the term mechanisation and bring out its objectives.
9. What are the principles followed in selecting office furniture?

**OFFICE MAIL AND CORRESPONDANCE &
ORGANISATION OF MAILING DEPARTMENT**

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

- 1. Meaning for office correspondence**
- 2. Different type of correspondence**
- 3. Procedure to be followed for handling inward mail**
- 4. Procedure to be followed for handling outward mail**
- 5. Postal service for office mail and correspondence**

AN INTRODUCTION – OFFICIAL LETTER

An official letter is drafted on the basis of notes and orders. Drafting, i.e., of an official letter, requires experience and special knowledge. An official letter, unlike a private letter, is quite formal and does not show any personal relationship. It is also different from a commercial letter in which there is no room for originality. The official letter is in a formal and dignified manner strictly adhering to the prescribed format. The basic requirement for the drafting of business letters is sound knowledge of the English language.

TYPES OF CORRESPONDENCE

Communications take several forms according to the occasion, importance of message and status of the correspondent. Various forms of communications are listed below:

1. Letters
2. Telegrams
3. Memoranda
4. Endorsement
5. Circulars
6. Demi-official Letters
7. Notification
8. Resolutions

1. Letters

Most of the official correspondence is carried on by means of letters. Letters are written in three cases:

- (a) when the subject matter of communication is somewhat important;
- (b) when an addressee is a man of reasonable status;
- (c) if the addressee is an official, his rank is superior, or equal, to that of the writer.



There are certain points which must be remembered in connection with an official letter. These are discussed below:

- i) ***Name of the department:*** On the top of an official letter has usually printed the name of the department which issues the letter. E.g.

Government of Tamil Nadu
Minorities Welfare Department Main
Office
Letter No. A 007/6453 H.K.

It is clear from the above example that the name of the department is usually printed in the centre of the top.

ii) **A number of the Letter:** Every official letter bears a reference number. The importance of this number is that when a reply to the letter is written and the number of the letter is stated, the recipient can at once find out the letter to which it is a reply.

iii) **Name and Designation of the Writer:** The next feature stated in the letter is the name and designation of the officer issuing the letter. The word 'From' is first mentioned and there is no comma after it

From Shri Director of Commerce Government of TamilNadu.
--

iv) **designation and address of the addressee** The designation and address of the addressee are next given. The word 'To' is placed before this without a comma following it. If the addressee is a private gentleman without any office, his name has to be mentioned in the address. E.g.

A. anantharaman 119, Valmiki nagar, Chennai.

v) **Place and Date:** Place and date of the issue of the letter are then written down. The word "Dated" is first written down and after that, the place of issue is mentioned and finally, the date of issue is stated. The reader should note that the place of issue is always given while mentioning the date. The following is an example.

Dated, Thrichirapally, September 2, 1996.

vi) **Salutation:** The usual salutation or mode of address is 'Dear Sir' or 'Dear Madam'.

vii) **Subject of the letter:** After salutation, the subject (the highlight of the content) of the letter and its references are stated.

From

Dear Sir,

Sub: Reg. your advertisement in The Hindu

Ref: Communication dated 24 - 08-2010

The body of the letter: The body of the letter, or its text, follows next. If the text is lengthy, it is divided into several paragraphs.

viii) **Subscription:** The subscription or complimentary close in an official letter is usually as follows:

"Yours sincerely,"

ix) **Signatures:** After the subscription, the official signs. If the letter is signed on behalf of an official the word "for" should be mentioned before the official designation.

The following are the examples:

(1)

Yours faithfully,

Vicky

Director of Information

(11)

Yours faithfully,

Ramesh

For Director of Information

Specimen Official Letters

Director of Tamil Nadu Govt., Letter
No. (12589/7710 ED Education
Department

Chennai, The 28th April 2010.

From

Dr. G. Gopi

Under-Secretary to the Government of Tamil Nadu

Dr. Venu Thyagarajan

Associate Professor Department
of Commerce.

The university of Madras.

Dear Sir,

I am directed to refer to your letter dated on 5th April 2010. The Report on Education Affairs of Tamil Nadu deals with the working of the different departments of the Government and may be had from the officer in-charge, Government Book Depot, Chennai, on payment of Rs. 500/- only.

Yours faithfully,

G. Gopi

Under Secretary

2. Telegram

When the message to be sent is very urgent and is to be communicated very soon a telegram is sent. The charge is levied based on the number of letters sent. Salutation, subscriptions and other useless words are dispensed with. A Bare message comprising a few words is sent in most cases. Rules of grammar are set aside. The only care taken is that the message sent is clear. Telegraph address is also used. Copies of telegrams sent are received for future reference. Every telegram is confirmed by means of the letter so that the truth of communication may be verified.



Telegrams can be either express or ordinary. Ordinary telegrams are according to the order in which they are received. A block in the telegraph line may cause delay, but if an express telegram is sent it is given preference over the ordinary telegrams and its quick communication is ensured. Express telegrams are more expensive than ordinary telegrams.

3. Memoranda

Memoranda or memos are written when

- (i) the communication is unimportant or
- (ii) when the addressee is a junior officer or
- (iii) when the addressee is a private individual of low rank.

Reminders and replies to letter of application are generally sent in the form of memos.

There are four important features of memoranda

- (i) They are written in the third person
- (ii) They do not have either salutations or subscriptions
- (iii) They are signed by head assistant or head clerk or any other junior member of the staff
- (iv) The address of the addressee is in the left-hand bottom corner.

Office memorandum – Specimen

No.APENR/158532/16

Government of India

Publicity Department

Dated, New Delhi, 11th May 2010

In reply to his application dated 1st April 2011, for employment in this department, Mr. R.Raghavan is informed that his application should be made in the usual way through the Public Service Commission which makes all appointments of successful candidates to this office.

4. *Endorsement*

Sometimes a letter or document is transmitted or forwarded by one office to another office or person for information, report or necessary action. In such a case, it is not necessary to write a letter to accompany the original letter or document. Instead, an endorsement alone has to be made at the end of the letter to be forwarded. The letter may be forwarded either in the original, or only a copy of it may be sent. The endorsement is made in favor of the third person and may also be dated and numbered.

5. *Circular*

When a communication has to be sent to the several offices or individuals, a circular is issued. Circular may take the shape of letters or memoranda or endorsement, according to the nature of communication.

6. *Demi-Official letters*

Official letters written in the form of personal or private communication are known as demi-official letters. A demi-official letter is written by one official to another official on a matter of public interest for various reasons.

The important one is

- (i) the maintenance of privacy;
- (ii) the expediting of public business and
- (iii) the elucidation or supplementing of official correspondence.

Demi official letters are just like private letters, the salutation, and subscription there of depending upon the degree of personal intimacy between the writer and the addressee.

7. *Notifications*

Notifications are official announcements regarding such matters as appointment, promotions, transfer, retirement, resignation, of officers and similar other matters. The notifications are not addressed to a single person in particular but are meant for information to the public. They are in the third person and are published in the official gazettes. They bear the signatures of the head of the office issuing them.

8. *Resolutions*

Resolutions are issued especially on those matters which have been the subject of discussion or inquiry and are otherwise engaging the attention of the stakeholders. A resolution consists of three parts:

- (i) A Preamble stating important documents and papers on the subject,
- (ii) A Resolution stating the conditions giving rise to the question, views of persons connected with the matter and the decision taken; and
- (iii) An Order stating the parties to whom copies of the resolution should be sent.

Resolutions are issued under the signatures of the secretary of the department. They are written in the third person singular.

PROCEDURE FOR HANDLING INWARD MAIL

The procedure for handling inward mail is mentioned below:

1. ***Receiving the mail:*** Mail is delivered to the office either by the postman or by the company representative who calls for it at the post office. Mostly in all large cities, letters are delivered

twice or thrice a day. But large enterprises generally make arrangements with postal authorities, where they may take post boxes or post bags for hire for the purpose of receiving inward mails.

2. **Opening the mail:** After the mail has been received, it should be sorted before it is opened. All mails are classified as private, confidential and general. Letters marked confidential or addressed to individuals should be sent immediately and unopened to the concerned departments or officials. The general mail is then opened and sorted, department wise for distribution. When the volume of letters is large, the letter opening machine can be used
3. **Removing the contents:** It is necessary to remove all contents from the envelopes. A physical check of the empty envelope is necessary at this stage. If necessary the contents should be stapled or attached with the envelopes, to authenticate the time and date of receipt etc.
4. **Date stamping:** After opening the mail, the next step is to stamp each letter and its enclosures with the date and time of its receipts. Sometimes, a serial number is stamped for numerical reference. In most offices specially designed rubber stamps are used for this purpose.

<p style="text-align: center; margin: 0;">RADDISON & CO</p> <p>Date Time No.</p> <p>Department Received.....</p> <p>Acknowledge.....</p> <p>Replied.....</p> <p>Filed.....</p>

Date stamped

5. **Scrutiny of the contents:** After date stamping, the mail should be scrutinized to ascertain the department to which it is concerned and send the mail to it.
6. **Preparation of the circulation slip:**

VIGNESH AND COMPANY LTD.,

CIRCULATION SLIP

Please read the enclosed letter/correspondence and pass on to the next department mentioned in the list

Name of the department	Initial of the head of the department	Remarks if any
Sales		
Production		
Advertising		
Accounts		
Legal		
Management		
Chairman		

Received by the mailing department and circulation on initial of the Record Clerk.

Circulation slip

Mails common for certain departments should be brought to the notice of each interested department. Large organizations can furnish a cyclostyled copy or a photo copy of the document to all interested departments.

7. **Recording the mail:** In many organizations, an inward mail register or letter received book is maintained. In this register, all the particulars relating to all inward mails are generally entered.

The particulars usually entered in the register are as follows:

- a. Serial number
- b. The date of receipt
- c. The name of the sender
- d. The nature of contents and
- e. The department to which it is sent, remarks, the time factor and the cost involved.

8. **Letter with cheques etc:** Particular attention is essential in case of letters received with cheques or drafts. The cheque should be kept in a separate file. A list giving the names of the firms from whom cheques have been received and the amount etc should be prepared. All the cheques should then be forwarded to the cash department on the same day without any delay. After delivering all the cheques to the chief cashier, his signature should be obtained in a separate book known as "Remittance book" to ensure that the cheques are not lost in transit or misused.
9. **Distribution of the mails:** This is the final step in the handling of inward mail. Separate trays are used to sort out the mails for different sections. If inward mail register is not maintained a mail receipt slip is used. Under this system, necessary details of the mail meant for a particular department is recorded on a slip, date wise. The concerned department will enter the date and nature of action taken on different letters and return it back to the mailing department. It will be a record of receipt of the inward mails by the concerned department and action taken by them.

PROCEDURE FOR HANDLING OUTWARD MAIL:

The handling of outgoing mail involves the following steps.

1. Collection of letters from various departments.
2. Sorting and recording in the outward mail register
3. Folding them and inserting inside the envelopes.
4. Sealing
5. Stamping
6. Posting the mail.

Now we shall discuss these steps briefly.

1. **Collection of letters:** Letters prepared in various departments should be sent to the dispatch section at the earliest. In many business houses, different departmental letters should be typed, duly signed by the executive along with the address envelopes sent to the mailing department. The letters should be put in a tray labeled "Outgoing mail". A messenger should go to each department at regular intervals and collect all the outgoing mails from there. Normally, mails should be collected 3 or 4 times a day.

2. **Sorting and recording in the outward mail register:** After the mail reaches the mailing room, they are sorted as to whether they are intended for internal or local delivery or to be sent outside.

After sorting the letters to be sent to post office alone are entered in the outgoing mail register. Letters to be sent through the office peon or messenger are recorded in the messenger book. Outward mail register serves as a record of postage expenses. Each letter is given a serial number as per the despatch book or messenger book.

3. **Folding and Inserting:** After sorting, the letters are folded and inserted into envelopes. Generally, the addresses are typed on the envelope in the department itself and the envelopes are sent along with the letter. The dispatching clerk before inserting the letter into the cover should verify whether the address given on the letter agrees with the address typed on the envelope, and the number of enclosures is in agreement with the number specified in the letter. For ensuring quick and prompt delivery, complete address along with the pin code should be specified.
4. **Sealing:** The envelopes must be folded carefully and sealed with paste or gum. When window envelopes are used, it should be checked if the address is fully visible through the window. After pasting different categories of mail like Book Post, Registered Post, Registered Parcel etc should be sealed as per the regulations of the post office. Ready-made rubber stamps are available nowadays and they can be used for this purpose.
5. **Stamping:** The mailing clerk should have a thorough knowledge of the postage rates so that no more value or fewer value stamps can be affixed. In big business concern, franking machines are used for stamping.



Franking Machine

6. **Posting or Delivering the mail:** Posting and delivery of mail is a major step in outward correspondence. Ordinary mail addressed to local areas are delivered by office messengers or sent by ordinary post. Ordinary postal articles are posted in the nearest letter box. Other

important letters and documents must be sent by register post with acknowledgment. Courier services are also used to send urgent letters.

POSTAL SERVICES

Post Office plays a vital role in incoming and outgoing correspondence. Some of the important services rendered by a post office are:

1. **Money Order:** All post offices provide remittance facilities to the public by means of the money order. The money order form should be filled in with the name and address of the addressee, remitter and is to be presented to a post office along with the money and money order commission. The post office issues a receipt for the same.
2. **Postal Orders:** Postal orders are issued by the post office as a part of their remittance service. These orders are issued in all denominations from fifty paise to rupees hundred. A commission is charged by the post office where they are issued. Payment can be made and received by the holder on presentation of the order at the mentioned post office in India. The postal order is valid for a period of six months from the last day of the month of the issue. During this period it can be presented for payment.
3. **Insured Post:** The currency note or valuable documents can be sent through post office by using insured cover. The insured cover comprising documents/ currency notes must be sealed with an indicator for the amount for which the article is insured, both in words and figures must be mentioned. An acknowledgment of delivery form is filled and submitted. The prescribed fee for insurance is required to be paid according to the value insured for.
4. **Mail and Telegraphic Transfer:** Mail transfer is an order to make payment, drawn by one branch of a bank upon its another branch and the order is sent by airmail post. If the order is sent by telegraph it is called telegraphic transfer.
5. **Letter Correspondence Service:** The most economical service rendered by the post office is that of a mail and parcel services. Ensuring prompt, regular and speedy postal services are vital functions to industry and commerce. Regular postal services comprise delivering of letters, post cards, printed matter, and parcels.
6. **Message Sending Facilities (telegram, telex, etc.):** Post offices also provide facilities such as telephone, telex, telegram, etc. through which messages are sent throughout the world.
7. **Value Payable Post (VPP):** Business firms can avail this facility to send articles to their customers and recover the value of the same. Only registered articles can be sent under VPP

including letters, parcels, books, newspapers, etc. Post office collects the amount together with commission from the addressee and remits the same to the sender

8. **Speed Post:** Any urgent communication can be sent through speed post. This is one of the special services rendered by the post office. Important letters, valuable medicines, Demand Draft (DI) are some of the items sent through speed post.
9. **Post Box:** The post boxes are available for rent in all big post offices with two keys. One remains with post master and other is handed over to the hirer. A number is allotted for each. All letters which bear the box number shall be placed into the box. The hirer or the authorized person can go to the post office at any time during working hours and open the box and clear it.
10. **Post bags:** Post bag is safer than post boxes. Under this arrangement, the post office supplies a bag with lock and duplicate key. The original key will be kept with the post master. All the postal articles addressed to the firm or the person will be placed inside the bag by the postal workers and locked. The messenger of the hirer can get the bag across the counter of the post office.

Pincode

Postal Index Number is the abbreviation of PIN. The pin code contains six numbers, first three numbers refer to the state and district of the post office and the last three numbers refer to the area code number. If the address is not clear the pin code is very useful to identify the area and deliver the letters. For example, 600 008 is the pin code. The first three digits 600 refer to the state and district of the post office and the last three digits 008 is the area code number of the post office.

11. ***ISD (International Subscribers Dialing)***

The International Subscribers Dialing (ISD) is the overseas equivalent of Subscribers Trunk Dialing (STD). The charges are very heavy according to time and nation. Communication is possible throughout the world. A code number is given to each country. The country number, the area code number, and the customer number are dialed to get the connection. Currently, mobile phones have made International calls much easier and cheaper due to competition among service providers.

12. ***PCO (Public Call Office)***

It is also termed as Local calls. Local calls are used to contact people through telephone residing within the limit specified by telephone department.

13. *Private Branch Exchange (P.B.X)*

The Postal and Telegraph department provides a PBX system which is helpful both for internal and external communication. Under this system, the internal telephones extensions are brought together and connected to a switch board and controlled for inter-communication. The switch board is operated manually and controlled by the telephone operator employed by the office. The extensions of the different department of the organization are connected with the PBX. Whenever the receiver is lifted in any of the extension, a light in the switch board will indicate it. The operator asks for the number which is required, then he or she dials it and connects the line to the persons of that particular extension. Similarly, a call from outside is also received by the switch board operator and connects the same to the different department. The P.B.X is very popular in government offices, hospital, hotels, and commercial organizations.

14. *Private Automatic Branch Exchange (P.A.B.X)*

It is installed with the help of Postal and Telegraph department. They provide a combined exchange and private automatic telephone service. It is manually operated. Up to 50 extensions of the line can be provided in P.A.B.X system. P.A.B.X system having 25 or more lines requires an operator for receiving incoming calls. When the incoming calls are received in a cabinet, the operator connects it to the required extensions by dialing their extension numbers with the help of digit keys or push button. This also has the call back facility and transfer facility from one extension to another. The P.A.B.X system eliminates the disadvantages of manually operated P.B.X system.

Points to remember

- *Qualities of good business letters*

1. Promptness
2. Knowledge of the subject
3. Appropriateness
4. Accuracy and clarity
5. Courtesy
6. Tact
7. Persuasion
8. Conciseness
9. Salesmanship

10. The 'you' attitude and the positive and pleasant approach.

- ***Structure of a business letter***

An effective business letter must be written in a proper form and style. It contains the following essential parts-

1. Heading
2. Inside name and address
3. Opening salutation
4. Subject
5. The body of the letter
6. Complimentary close or subscription
7. Signatures
8. Enclosures
9. Postscripts
10. An identification mark.

- ***Procedure for handling inward mail***

1. Receiving the mail
2. Opening the mail
3. Removing the contents
4. Date stamping
5. Scrutiny of the contents
6. Preparation of the circulation slip
7. Recording the mail
8. Letter with cheques
9. Distribution of the mails.

- ***Procedure for handling outward mail***

1. Collection of letters from various departments,
2. Sorting and recording in the outward mail register
3. Folding them and inserting them into envelopes sealing
4. Stamping and posting the mail

Questions

1. Explain the major classification of mailing.
2. How to drafting the official correspondence?
3. What are the advantages of centralized correspondence?
4. Discuss the procedure for handling inward mail.
5. Discuss the procedure for handling outward mail.

LEARNING OBJECTIVES

After reading this chapter, you will be able to understand

1. What are record and its types
2. Meaning for Record Management and its objectives
3. Principles of record keeping
4. Filing
5. Essentials of good filing system
6. Organising filing system
7. Different types of filing
8. Indexing and Objectives of Indexing
9. Types of indexing system
10. Selection of good indexing system

The very existence of business organizations, government, and other social institutions are based on records. Records to a document, utilized by an organization to carry out its various functions. A record constitutes some of the *tangible evidence* of the operations of an enterprise. It may take the form of a *letter, circular, invoice, voucher, picture, report* etc.



TYPES OF RECORDS

1. **Correspondence:** Correspondence includes letters, circulars, memorandum, etc. received by the firm and the copies of letters sent out. It also includes telegrams and fax messages.

2. **Accounts Department Records:** These include all papers or documents connected with accounts of the firm. e.g. invoices, petty cash vouchers, bank statements, accounting ledgers etc,
3. **Purchases & Sales Records:** These include all papers connected with purchases, sale and stock keeping of goods handled by the firm. e.g. price list, quotations, samples, copy orders
4. **Personnel Records:** These include all papers connected with the employees of the firm, e.g. completed application forms etc, and records of employees attitude, absenteeism, turnover etc.
5. **Administrative Records:** All records which are necessary with regard to the administration of the firm either because of statutory requirements or otherwise (e.g. insurance policies, vehicle registration books, licenses, hire purchase agreement, share certificates and so on.)
6. **Miscellaneous Records:** Modern business firms also keep records which have not been included in either of the above categories. For instance, records relating to advertisement campaign, marketing research etc.

RECORDS MANAGEMENT

Records management is a modern business program that embraces filing and is supplemented by the design and review of business forms and records. It is that area of office administration which is concerned with creation, presentation, use and disposal of records.

According to Zane K Quible, "Records management refers to the activities designed to control the lifecycle of a record from its creation to its ultimate disposition." The functions of records management under these stages are discussed below:

1. **Creation of Records:** New forms and records should be developed only when their need is fully justified. The design of the forms should be given careful attention. Data should be recorded in the documents accurately and completely.
2. **Storage of Records:** The storage stage is concerned with the classification of records and then filing in the suitable filing equipment in a location which is easily accessible. The arrangement should also be made to protect the records against disaster or unauthorized use.
3. **Retrieval of records:** The records are stored for further use. An efficient procedure must be established so that records may be retrieved and delivered in time. The utilization of records is greatly influenced by the mode of their creation.

4. ***Disposal of Records***: The last stage in the record cycle is the disposal stage which is concerned with preserving valuable documents and disposing of the expired documents. A record retention schedule classifies records based on the time period and the requirement of the same.

OBJECTIVES OF RECORDS MANAGEMENT

The basic objective of records management as given by Leffingwell and Robinson are as follows:

1. ***To keep an orderly account of progress***: The purpose of writing down and preserving memoranda of transactions, (financial and other kinds) various documents, papers, correspondence, etc., is to record the progress of the business. This may be referred to as a historical function of records.
2. ***To facilitate preparation of statement of true condition***: The true condition of business can be known only by means of its up-to-date records. This knowledge is of vital importance in business planning and decision making, particularly in the context of changing circumstances.
3. ***To facilitate comparison***: Records facilitate comparison between one period of time and another, between different product lines and between firms operating in different lines of business. This analytical function of records plays a vital role in today's business.
4. ***To detect errors and wastes***: Errors and wastes can be known and controlled only with the help of proper records and management. Records management is a control function which facilitates the evolution of techniques for the elimination of errors and waste.
5. ***Legal formalities***: Certain records are to be kept for a specified period of time under the provisions of the various Acts. For instance, sales records have to be kept for several years under the Sales Tax Act, receipts and payment vouchers and accounts books have to be kept for several years under the Income Tax Act and so on.

PRINCIPLES OF RECORD KEEPING

The following guidelines should be observed to determine the type of records to be stored for varying periods of time:

1. ***Justification***: The purpose of record keeping must be justifiable. There is no logic of keeping a record if it cannot serve any useful purpose.
2. ***Verification***: Records must be authenticated. There is no sense of keeping records which are based on rumors or here say.
3. ***Period***: Records should be preserved only for the period for which they are required.

4. **Classification:** Records should be filed in such a manner that the requisite information is available when needed. For this purpose, records should be classified properly.
5. **Safety:** The records should be preserved safely and the system of filing should be flexible so that it could be adapted to changes easily.
6. **Economy:** Records must be procured and maintained at a reasonable cost. The benefits to be derived from keeping records should be more than the costs of creating and maintaining them.
(Cost benefit analysis)

FILING

Most of the records have to be preserved for reference in the future, at the same time they must be kept easily available. The way in which it is done is called filing. In other words, filing is the process of arranging and storing records so that they can be located whenever required. Since the emphasis is on both storing and locating the record, it would be better to name the process as filing and finding. Filing facilitates the keeping of records in a systematic manner. It performs a library function by storing the records for future reference.



G.R. Terry has defined filing as "the placing of documents and papers in acceptable containers according to some predetermined arrangement so that any of these may be located quickly and conveniently when required".

According to Zane K. Quible, "Filing is one of the activities in the records management programme which involves systematically classifying, coding, arranging and placing of records in storage".

Advantages of filing

Records are stored in a suitable system of filing in order to achieve the following purposes and benefits:

1. **Ready Reference:** Records constitute the store house of information relating to past events. They can be referred to conveniently if they are filed in a systematic manner and a proper index is maintained of various files.
2. **Safety of Records:** Filing ensures the safe storage of records of different types. Letters and other documents are put into folders and the folders are kept in cabinets. Thus, records are saved from unforeseen happenings like theft, fire, etc.
3. **Documentary Proof:** Records serve as a documentary evidence in the case of disputes. Copies of records can be produced to settle the claims with different parties. Records can also be produced in a court of law as an evidence when a party to the dispute resorts to the process.
4. **Prompt Handling of Correspondence:** Filing enables to handle the correspondence properly without any delay. It builds up the reputation of the organization and helps in securing orders.
5. **Statutory Requirements:** Records are kept in compliance with provisions of various statutes like Companies Act, Income Tax Act, Factories Act, etc.
6. **The barometer of progress:** Filing makes available the records of previous years. It helps in comparing the current year's performance with the previous years. Thus, it is an important aid in measuring the efficiency of the enterprise and various departments.
7. **Decision Making and Policy Formulation:** Availability of up- to-date information is essential for taking important decisions and for formulating policies. The degree of risk is increased if the decisions are based on guesswork and intuition rather than on relevant facts and figures.
8. **Increased Efficiency:** Filing increases the efficiency of the office. It makes available to the management the required information with speed and accuracy which is helpful for prompt decision-making. Follow-up actions are also taken quickly if records of the past correspondence are easily available.

ESSENTIALS OF A GOOD FILING SYSTEM

A good filing system is one that can be depended upon for accuracy and which produces at once the required information. The following are the essentials of good filing system:

1. **Accessibility:** The paper should be so filed that required papers for reference may be picked up without loss of time. A filing cabinet should be conveniently situated.
2. **Simplicity:** The filing system should be simple for any person to understand and operate i.e., without any special training or knowledge of the filing system.

3. **Economy:** The filing system should be economical as regards labour, equipment, and overhead. The economy of space is of great importance in big cities because of high rents. The best way to obtain economy is not to preserve documents beyond their proper life. The management must decide on the life of each paper so that they are not preserved unnecessarily.
4. **Suitability:** The nature and volume of filing operation vary from organization to organization. The system of filing should be such that it suits the organization.
5. **Flexible:** The filing systems must be capable of being easily expanded with the expansion of the business. In other words, it must be sufficiently adaptable to meet changing circumstances.
6. **Classification:** The filing system should be supported by a proper system of classification which helps in inserting as well as locating the documents in files. There are many methods of classification such as alphabetical, numerical, alphanumerical, geographical and subject wise. The alphabetical system is widely used as it is simple to understand and is self-indexing.
7. **Cross Reference:** It may sometimes be possible to file a letter under two different heads. In such a case cross reference should be given under that head where it could be filed but it has not been filed to enable the clerk to trace such a letter where it is actually placed.
8. **Movement:** Whenever a file or letter from a file is removed from the filing department, 'Guide' or 'Indicator' should be inserted with the relevant details regarding its movement along with the signature of the employees handling the file.
9. **Safety:** The system of filing should include some device to prevent unauthorized persons from tampering with the records. The records should also be kept safe from rats, white ants, etc. for this purpose the following steps may be taken:
 - a. Fire proof almirahs/cabinets can be used for storing valuable documents.
 - b. Entry to filing section should be restricted only to the staff of filing section.
 - c. Files should be issued only on the basis of authorized requisitions.
 - d. A procedure should be designed to ensure the quick return of issued files.
10. **Indexing:** If alphabetical classification is not adopted, index of file must be maintained e.g., Card Index, Visible Card Index system etc. Indexing helps to locate the files quickly.
11. **Retention:** There should be a specific records retention policy. The period for which every record is to be kept must be clearly stated. Only live records should be kept in the file cabinets

as space is very expensive these days. Dead records should be disposed of by following the necessary procedure.

ORGANISING OF FILING

The filing function helps in proper maintenance of records. The records should be made available as and when required. The department should employ trained personnel to arrange and classify various records. A senior officer called Chief Record and Filing Officer should be in charge of this department. The department should be provided with the required filing equipment like drawers, cabinets, folders and index cards, etc. This department may be organized in either of the two ways, namely,

- (1) Centralized filing and
- (2) Decentralized filing.

1. Centralisation of Records or Centralised Filing

Centralisation of records refers to grouping and storing of records in the same place where they are accessible to a number of persons. In other words, the records pertaining to activities of all the departments of an enterprise are preserved in the centralized filing sections and are controlled by a centralized index plan. The Central file comprises papers relating to general correspondence, office and branch correspondence, orders, invoice, vouchers, estimated quotations, credit and debit memos and other papers which several departments need to refer.

A. Merits of Centralised Filing

1. It eliminates duplication as all papers pertaining to a particular subject are kept in the central file thus eliminating duplication.
2. This system provides better service by employing trained clerks exclusively for filing purpose.
3. It ensures a more uniform system of filing
4. It helps to save time as there is only one place to send material for filing and locate the same.
5. It provides economy in space, equipment, and supplies as there is no duplication of records and equipment.
6. It helps to serve other departments by relieving them of their burden of maintaining the records.

B. Demerits of Centralised Filing

- i. Physical difficulties are caused when departments are located away from the filing room.

- ii. Leakage of information is possible since files are centrally placed.
- iii. Since there is no duplication of records there is a fear of loss of records. Therefore, it is advisable to have a copy of each record in the respective department's file.

2. Decentralised Filing

In this system files relating to different departments are kept in the respective departments. The decentralized filing is necessary for maintaining records of work-in-progress, such as unexecuted orders, unpaid bills etc. further, there are certain records which will be used only by certain departments for e.g. price quotation in the purchasing department, blueprints and drawings in the engineering department. In every department, a filing clerk does the filing work along with his other duties.

A. Merits of Decentralised Filing:

The disadvantages of centralized filing are the advantages of decentralized filing and vice-versa.

- i. It is more suitable where the information relating to a department is of confidential nature.
- ii. It is useful when departments are located far away from the filing department.
- iii. This system is useful when certain papers are relevant for one department only.
- iv. There may be a delay in locating records under centralized filing. The decentralized filing is recommended in order to remove inconvenience likely to result if the records are not located in time.

B. Demerits of decentralized Filing

- i. Expenses on the filing are high, as it leads to duplication of space, equipment, and supplies.
- ii. Since every department does its own filing work, appointment of filing clerk is not economical and feasible.
- iii. There will be a lack of uniformity in the filing routines and equipment in different departments.
- iv. Department filing may create difficulties when a piece of paper is relevant to more than one department

TYPES FILING

The important types of modern filing are:

1. Horizontal or flat filing and

2. Vertical filing

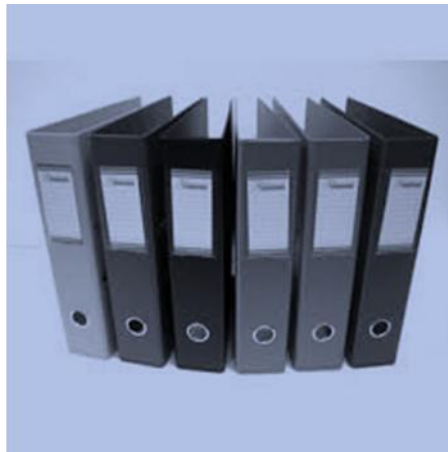
1. Horizontal filing

Under this method, papers are inserted in a chronological order in files or folders which are kept in drawers in a horizontal position i.e., one on top of the other. Each file is allotted a number and an index is prepared. When a file is removed for reference, a guide card which indicates the movement of the file is kept in its place. The main types of files for keeping papers under horizontal filing are :

- i. Lever arch files
- ii. Flat files



i. Lever arch files: It is a cardboard folder which contains strong metal arches which can be opened with the help of a lever. Records meant for filing are punched with the help of a



punching machine and are then filed on the metal upright, after the arch has been opened by the lever. The lever file facilitates alphabetical division which is done by inserting thick cards at suitable places. In this type, papers can be inserted or taken out without disturbing the order of the other papers in the file.

ii. flat files: The files (or covers) are made of cardboard or thick paper. A separate is allotted each subject or customer which contains all the relevant correspondence in a chronological order. The flat

file has metal hinges which inserted into the holes (of papers or documents) punched by a punching machine. The papers lie flat one above the other in the files. These files placed in the drawer horizontally.



Merits of Horizontal filing:

1. It is simple and easy to operate.
2. As the papers are filed in a chronological order, it is very easy to locate the letters.
3. It is cheap to install.
4. The contents are kept clean and free from dust as they are stored in almirah.
5. As the papers are fixed in the arch, they cannot go out of place.
6. Papers can be referred to without removing them from the file.

Demerits of Horizontal filing

1. This method is suitable for large organizations.
2. In flat files papers filed in a chronological order one above the other, they cannot be taken out without dislocating other papers.
3. This method does not allow for expansion beyond a certain point.
4. It requires an index to find out the concerned file.

2. VERTICAL FILING

Under this method, the files containing papers are placed vertically or in a standing upright position. The papers or records to be filed are put into the folders and the folders are placed in drawers or cabinets in an alphabetical or numerical order. This method of filing is said to be most modern. It has evolved as a result of the growing needs of business organizations.



Merits of Vertical Filing

- i. The vertical filing allows ready reference of papers and documents.
- ii. It is easily adaptable to all types of classification, viz, alphabetical, numerical, etc.,
- iii. It is economical. Folders are cheap and can be accommodated in a single filing cabinet.
- iv. Filing cabinets provide ample scope for expansion of filing facility. A single drawer can accommodate a large number of folders.
- v. It also provides greater safety to the papers since they are kept free from dust in drawers.

Demerits of Vertical Filing

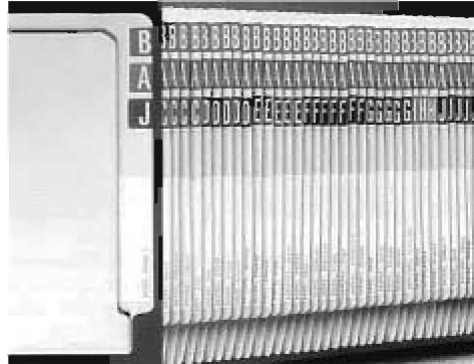
- i. This method is not as fast as the other methods of filing such as Visible Card filing and Rotary card filing
- ii. Folders may slip down the drawers. By this, there may be an unnecessary wear and tear of various folders.

CLASSIFICATION OF FILES

Various papers and documents must be classified and then put into files or folders. The basic purpose of classification of records is to make them conveniently available in future. The important types of classification are:

A. Alphabetical Classification

This method is most widely used in business offices for classifying correspondence. It is suitable for both small and large offices and is of great significance where names of correspondents are important. Under this method, each folder bears the name of the correspondent. These folders are arranged in the strict alphabetical order of the names of the customers. If there are several names beginning with an alphabet, say A, they will be arranged in alphabetical or dictionary like the order of the subsequent letters like, Ab, Ac, . . . and so on.



This is the simplest method and can be understood by everyone as most people are familiar with the arrangement followed in the dictionaries. This system is self-indexed and no separate index is needed.

Merits of Alphabetical Classification

- 1.. It is easy and simple to understand and operate.
2. It is self-indexed. No separate index is needed.
3. It is flexible i.e., new headings can be introduced at any point without disturbing the classification.
4. It provides a direct reference and offers a quick check so that the chances of misfiling are minimized.

Demerits of Alphabetical Classification:

- 1 . It takes a long to find papers in large systems, and thus reduces the speed of operation.
2. There may be confusion when there are several common names.
3. Papers may be misfiled because of mis-spelling of names.
4. There may be difficulty in forecasting the space requirements under different letters of the alphabet.

B. Numerical Classification

Under this method, each customer is allotted a number. All papers relating to particular customer or supplier or subject are placed in one folder bearing his distinctive number. The folders are arranged in the cabinet bearing his distinctive number. The folders are arranged in the cabinet in the numerical sequence, and guide cards are used to divide them into suitable groups of 10 or 20. Thus, if a customer is allotted the number 51, all papers connected with him will be found in the folder number 51. It is quite easy to locate this folder in the appropriate cabinet with the help of the 'Guide Card' or 'Index Card'.



Merits of Numerical Classification

- i. Numerical files can be easily located and they are less likely to be disarranged
- ii. There is greater accuracy in filing and the chances of misfiling are reduced.
- iii. It permits unlimited expansion.
- iv. It is easy to install and operate this system.

Demerits of Numerical Classification

1. A separate alphabetical index needs to be prepared to locate the files. For locating any file, the index has to be referred every time.
2. The cost of index and space are taken by it makes the system expensive,
3. Files for miscellaneous papers cannot be easily arranged.
4. The serial numbers of dead files are not deleted
5. Slight mistake in numbering the file can cause much inconvenience and lead to misfiling; many difficulties will be experienced with misquoting of the reference number of the file.

C. Alpha-Numerical Filing.

The numerical filing may be combined with the alphabetical system. The files may be kept in this order: A/1, A/2, A/3..... .and so on. Such a system is known as alpha-numerical filing. It is a flexible system of filing as more files can be added when required.

D. Geographical Classification

Geographical classification is an area/region wise classification where the customers are classified according to the regions they represent which are further classified according to alphabetical or numerical order. This helps in concentrating on increasing sales in certain areas. There may be further sub-classification of geographical areas.

Geographical filing helps in the speedy location of files and it gives an overall picture of the customers in different areas. This system of classification must be supported by an index plan because it is essential to know the address of a person before trying to find his file.

Merits of Geographical Classification

- i. Direct filing and speedy location of the file are possible.
- ii. The marketing manager can make an assessment of his success or failure in different regions if the files are kept on a geographical basis. He can adopt suitable policies for each region on careful analysis of regional information.

Demerits of Geographical Classification

- i. Knowledge of geographical locations should be required, otherwise misfiling may result.
- ii. An index has to be prepared for quick and easy reference.
- iii. For better results, this method should be combined with the alphabetical or numerical method of classification.

E. Subject Wise Classification

The subject-wise system is adopted in offices where the subject (or contents) of letters is more important than the correspondence. All correspondence or records are filed together based on the alphabetical arrangement of certain subjects. Officers, contractors, lawyers, architects, local bodies and educational institutions usually adopt this method.

This method is most commonly used in libraries. Books are first classified on the basis of subjects like accountancy, economics, history, law, management, etc. and then placed in drawers in alpha-numerical order. Since subject-wise filing is very much complicated. It must be handled by

trained persons. The greatest benefit is that the files relating to a subject give all information about it. However, subject-wise classification is not suitable for miscellaneous documents.

Merits of Subject-wise Classification

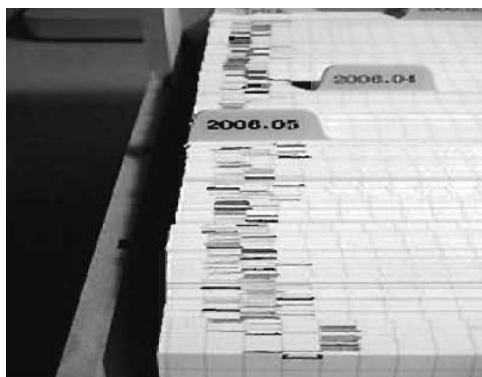
1. Papers relating to one subject are put in one file and made available for ready reference.
2. There is a scope for expansion. Every new subject will have a new file and previous records will not be disturbed.
3. It facilitates easy reference when subject-matter is known.

Demerits of Subject-wise Classification

1. It may become difficult when a paper is related to two subjects since its copy has to be kept in two subject files.
2. If the correspondence for a particular subject is heavy, then more than one file will have to be maintained. When the number of files is more, then an index will be required for locating the information.

F. Chronological Classification

In this system, records are arranged according to the dates of correspondence. If the dates are same, time is considered for the arrangement. Vouchers and invoices relating to accounts are arranged in chronological order and are filed date-wise. This system may be useful if used along with some other system. The records may be arranged alphabetically first and then can be arranged date-wise within each folder. So this system cannot be used independently.



Merits of Chronological Classification

1. It is a useful method when dates are known.
2. It enables overall classification, e.g., correspondence in different years.

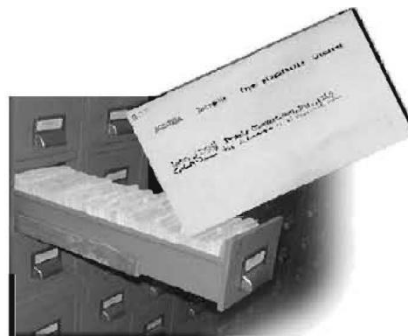
3. It is very simple to operate.

Demerits of Chronological Classification

1. It is not useful for big business units.
2. It is not useful when the date is not known.
3. Incoming correspondence might be separated from outgoing replies.

5. INDEXING

The index is anything that 'points out' or 'indicates'. Indexing can be described as a method of providing indicators for a body of data or collection of records. The term "indexing" varies from the term "classification". Classification is the method of filing while indexing is basically the method used for making reference to the matter field.



Object of indexing

The principal object of indexing is to aid filing so that filed papers are located easily and quickly whenever they are needed. Indexing thus improves the efficiency and speed of the filing method. Indexing is advantageous only when the right type of indexing system is chosen. If files are arranged in geographical cum alphabetical or only alphabetical order an index is not needed. However, in other systems of classification, an index becomes a primary requirement for customers, suppliers, credit ratings, and telephone numbers and so on. The index is also required for different kinds of registers and ledgers.

Essentials of a Good System of indexing

Essentials of a good system of indexing are as follows:

1. It should be simple
2. It should be economical in operation.

3. It should allow for speed
4. It should go well with the system of filing in the organization
5. It should be flexible to allow for expansion when needed.

Advantages of indexing

A good system of indexing i.e., which goes well with filing method in the organization offers the following benefits in the field of records management:

1. **Easy location:** The required papers and documents are located very quickly with the help of the index. Referencing is easy and not a painful process.
2. **Easy cross-referencing:** A good system of indexing also ensures easy cross-referencing and thus saves on time.
3. **Lower costs:** The operating costs of records administration are less due to improved efficiency offered by indexing. Time is not wasted in locating necessary documents or papers.

Types of Indexing Systems

Indexing may be classified into the following main categories, namely:

- (a) Page Index;
- (b) Card Index and
- (c) Visible Index.

(a) Page or Book Index: This system is also known as alphabetical indexing as the classification is based on the letters of the alphabet. One page or leaf is allotted for each letter of the alphabet, fitted with a tab showing the letter and quoting the relevant page numbers. The pages may be held in a loose form or in a bound book form. Each page consists of a list of all the correspondents whose names begin with the letter to which that page or sheet is allotted. For example, all names beginning with the letter 'A' like Anjali, Anu, and Arthi, will be written on the page allocated to the letter 'A'. The folder number of correspondence relating to a particular person will appear against his/her name.

Page index may take the form of either (i) Bound Book Index, or (ii) Loose Leaf Book Index. These are described below:

1. **Bound Book Index:** It is in the form bound book or register which is divided into alphabetical sections wherein the names of persons are entered.

Each section has the leaves cut away at the right-hand side so that the initial letters of all the sections are visible at a glance. The book index is very cheap and is a good long time record. The pages cannot be lost or disarranged because they are bound. This is an inflexible method since alterations are difficult and it accommodates a comparatively less number of entries. Eg. Telephone index

2. **Loose Leaf Book Index:** Loose sheets are used for indexing and are fastened by metal rings or hinges or some other device which allows the pages to be taken out and also helps in the insertion of additional pages. This type of index is also fitted with a lock. It is very much used by the commercial banks and the joint stock companies for keeping the records of their customers, shareholders, and debenture holders.

Loose-leaf indexing is flexible and adaptable to different users. It offers ample scope for expansion with the main drawback of loss or damages.

Merits of Page or Book Index

1. It is a very cheap and simple method.
2. It requires less space.
3. It can be carried from one place to another.

Demerits of Page or Book Index

1. A strict alphabetical arrangement of names on each page may not be possible.
2. Names must be deleted once they are no longer of any use. This may present a shabby appearance.
3. It is an inflexible system of indexing. Scope for further entries even in the case of loose leaf index is limited.

3. Vowel Indexing

In cases where the number of correspondents is very large the alphabetical indexing is further classified. The names of the correspondents are entered on one page or the other according to the letter with which his name begins and the first vowel in his name. This sort of indexing is known as 'Vowel Indexing'. eg. Ashika The first vowel in the name is 'i'. She will be classified under 'Ai'

b. Card Index

Under this method, references are entered on the cards of uniform size. These cards bear the names, a number of the files and other particulars to be indexed.



Cards are arranged in either alphabetical or numerical order and are placed in drawers or boxes which may have a rod running from one end to the other end for holding cards in their places. These drawers are divided into alphabetical sections by means of guide cards.

The purposes for which card index may be used are listed below:

- a) as a catalogue of books in the library;
- b) to contain specimen signatures of customers in the bank;
- c) to contain addresses and other particulars of customers;
- d) to maintain accounts of store items;
- e) to maintain a history of employees;
- f) to keep records of installment sales.

Merits of Card Index System

1. The cards provide a complete list of the names, addresses and telephone numbers of the persons or the firms with whom the dealings take place.
2. Each card may be ruled according to the particulars desired to be recorded.
3. Ready information is available for different purposes, e.g., for knowing the number of customers in a particular territory.
4. It has Beater flexibility because the number of cards can be increased or decreased as desired. Cards may be grouped and regrouped in any manner and in any order.
5. The index is always alive since the dead cards are removed and transferred to dead cabinets.
6. Card index can be used by a number of persons at the same time.

Demerits of Card Index System

1. There is a danger of separate cards being lost by the persons who take them away from the drawers for reference.

2. Ready reference may be difficult if the cards are allowed to be removed freely from the drawers.
3. The card index is blind since cards are not visible at a glance.
4. Card indexing is comparatively costlier than page indexing
5. Cards get torn or spoiled through constant handling. Thus, they have to be replaced from time to time.
6. Cards may be substituted to commit or conceal fraud where card ledgers are kept.

Despite these drawbacks, the system of card indexing is very elastic and simple to operate and so is used frequently in libraries, hospitals, banks (for maintaining specimen signature) and other offices (to keep credit records, staff records and so on).

c. Visible Index

The major defect of card indexing is that a large number of cards cannot be seen at one glance. This defect is overcome by visible indexing under which a large number of cards are visible at one glance. Visible card index, Strip index and Wheel Index are the systems of visible indexing.

1. Visible Card Index

Visible card index system has gained more popularity in recent years. It is based on the principle "look at the card, not for it". Visible card indexing can be used for retaining records such as accounts receivable, personal history of employees and specimen signatures of the customer in a fairly permanent position for frequent reference. The speed in which the cards can be located and the necessary entries made justifies the use and cost of visible card filing equipment.

The main feature of visible filing is that the main reference (i.e., the main information) on each card is visible at all times. The cards are arranged in such a way that it overlaps the one before it left a narrow strip at the bottom containing the name, telephone number or the subject visible.

Merits of Visible Card Index

1. Speedy reference is possible as the names of the customers or subject are all visible.
2. Though visible indexing costs more, the saving in time and labour is so much that it offsets the additional cost.
3. Additional information can be easier on the cards even without disturbing the order in which they have been kept.
4. Cards can be removed and inserted with great ease.

5. Visible card indexing is very compact as a large number of cards can be accommodated in every tray.

Demerits of Visible Card Index

1. The visible card index equipment is costlier than the equipment required for card index.
2. The filing staff must be trained properly for its operation.

2. Strip Index

It is a type of visible indexing which is used when the entries are limited to a few lines (names, addresses, etc). It consists of a frame into which strips of stiff paper can be fixed in any required order. Each strip is devoted to one name only. Frames containing these strips may be either fixed on the wall or arranged on a rotary stand which can be turned round to look at any part of the index. These strips can be protected from exposure or damage by using removable transparent celluloid covers.

3. Wheel Index

It is an improvement over visible card index. Cards are arranged about the circumference of the wheel. A single wheel can hold as many as 1,000 cards. Cards can be inserted into or taken out of the slits of the metal rod whenever needed. An entry can be made on the card by applying the breaks to keep the wheel fixed. Thus, entries can be made on the cards, and cards can be referred to without removing them from the wheel.

Merits of Wheel Index

1. Wheel index makes reference very easy and quick. It saves time and efforts.
2. It is economical in space as a large number of cards can be accommodated in a wheel.
3. Entries can be made on the cards without removing them from the wheel.
4. New cards can be added and old ones removed without much difficulty. Thus, wheel index allows flexibility in operations.

SELECTION OF A SUITABLE INDEXING SYSTEM

Every system of indexing has its own merits and demerits. Some methods are rigid while others are flexible though expensive. The installation of a suitable indexing system depends mainly on the following factors:

1. The type and the extent of information needed
2. The cost of equipment in each system

3. The cost of labour in each system
4. The space required for each system
5. The frequency of adding or deleting
6. The purpose of using an index

Points to remember

- **The very existence of business organizations, government, and other social institutions are based on records.**

- ***Types of records***

1. Correspondence
2. Accounts department records
3. Purchase and sales records
4. Personnel records
5. Administrative records and miscellaneous records.

- ***Functions of record management***

1. Creation of records
2. Storage of records
3. Retrieval of records
4. Disposal of records

- **The objective of records management is to-**

1. Keep orderly accounts of progress
2. Facilitate preparation of statement of true condition
3. facilitate comparisons
4. detect errors and complying with legal formalities.

- ***Filing***

Most of the records have to be preserved for reference in the future, at the same time they must be easily available.

- ***Advantages of filing***

1. Ready reference
2. The safety of records
3. Documentary proof
4. Prompt handling of correspondence
5. Statutory requirements
6. A barometer of progress
7. Decision making
8. Policy formulation and increased efficiency.

- ***Essentials of good filing system***

1. Accessibility
2. Simplicity
3. Economy
4. Suitability
5. Flexible
6. Classification
7. Cross reference
8. Movement
9. Safety
10. Indexing
11. Retention.

- ***Indexing***

The principle object of indexing is to aid filing so that filed papers are located easily and quickly whenever they are needed and improve efficiency and speed of the filing method.

- ***Essentials of a good system of indexing***

It should be simple, economical in operation, allow for speed, go well with the system of filing in the organization, flexible to allow for expansion when needed.

- ***Advantages of good system of indexing***

1. Easy location
2. Easy cross-referencing
3. Lower cost.

- ***Types of indexing system***

1. Page or book index
2. Card index,
3. Visible index.

Questions

1. State the essentials of a good filing system.
2. What are the objects of indexing?
3. Explain the different modern methods of filing.
4. Explain the merits and demerits of card index.
5. Write a short note in visible-card index.
6. Explain the features of a good index.
7. What are the merits of vertical card indexing?
8. Explain the uses of indexing.
9. Distinguish between horizontal filing and vertical filing.
10. Explain the merits of loose leaf index.