

BUSINESS COMMUNICATION

CHAPTER 1 BUSINESS COMMUNICATION ESSENTIALS OF COMMUNICATION

1. What is the meaning of the term communication?

The term communication is derived from a Latin word 'communis' which means common. This means establishing a common ground. Now whatever is common is shared by all. But what is that which is shared by all in communication? It is fact, ideas, understanding, opinions, information etc.

In the words of **Newman, Sumner & Warren**, "*communication is an exchange of facts, ideas, and opinions by two or more persons.*"

According to **Keith Davis**, "*Communication is the process of passing information and understanding from one person to another.*"

Communication should not be interpreted as merely sending or receiving messages. It involves a systematic and continuous process of telling, listening and understanding. It is a two way process and is complete only when there is some response from the receiver of information.

2. What is the nature of communication?

An analysis of various definitions of communication reveal the nature or characteristics of communication which are as follows:-

1. **Communication involves at least two persons:** Communication involves at least two persons the sender and the receiver. The sender sends the messages and is known as the communicator. The receiver receives the message and is known as communicatee.
2. **Communication is a two way process:** Communication is essentially a two way process. It does not merely mean sending and receiving messages. It is not complete unless and until the message has been understood by the receiver in the same sense.
3. **Purpose of communication:** This basic purpose of communication is to create an understanding. The receiver should understand the message sent and should respond accordingly.
4. **Form of communication:** Communication may take several forms e.g. order, instruction, report, queries etc. it may be verbal or written. It may be formal or informal.
5. **Scope of communication:** communication pervades all human relationship. It is essential in all types of organizational and at all levels of management.
6. **Communication is a dynamic process:** Communication is influenced by the mood and thinking of the sender and receiver. The way a message is accepted depends upon the fact that which of the five sensory organs of the receiver is active at that time.
7. **Communication is much more than words:** Communication is not merely sending or receiving facts, expressed in words. It also involves ideas and emotions. A lot of communication is done through signs, symbols and gestures.
8. **Communication is a goal oriented process:** Communication is a goal oriented and effective only when there is congruence of goals of sender and receiver.
9. **Communication is conversational:** Communication sets up a link between facts, ideas and thus helps the communicator and communicatee to progress logically.

10. **Communication is an interdisciplinary science:** Communication to be effective derives knowledge from several sciences like anthropology (study of body language), sociology (study of human behaviour), psychology (study of attitude) etc.

3. What is the significance of communication?

Communication is the life blood of business. It is an all pervasive function of management. Today the organizational structure is designed on the basis of specialization and division of labour. Large number of people work together who are functionally related to each other. Thus, co ordination is must amongst the workmen. Co-ordination can be achieved only when there is mutual trust and understanding between them. This understanding is created by effective communication. Thus communication is an essential ingredient for effective management. Further the role of communication may be summed up as:-

1. The objectives, plans and policies of the organization are cleared to the workers through communication.
2. It provides unity of direction to various activities of the enterprise.
3. It helps in controlling and coordinating the various activities of the organization.
4. It helps in motivating the workers of an organization.
5. It helps the managers to develop their managerial skill.

4. What is the need of communication?

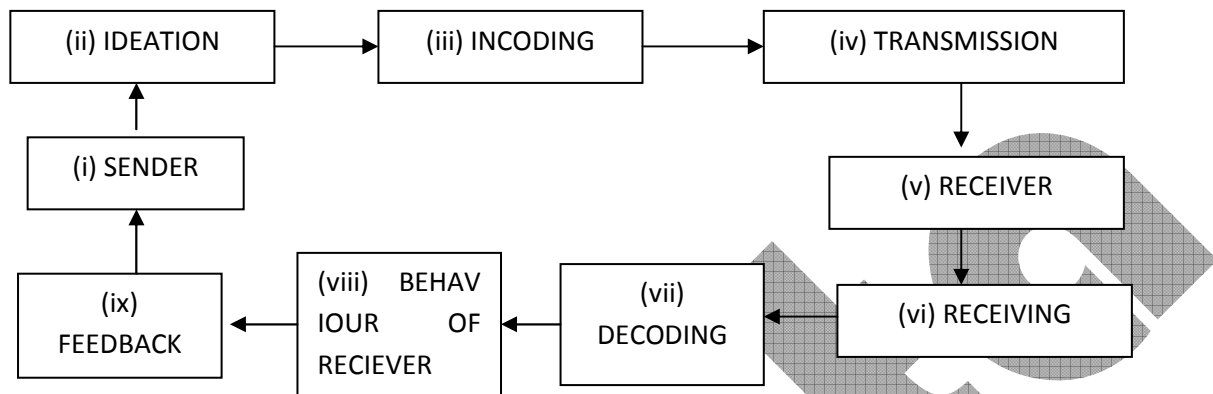
According to *Sir John Harvey-Jones*, "Communication is the single most essential skill. Effective communication is the need of the day." **In resent times communication has become all more essential due to the following reasons:-**

1. **Growth in the size of the business organization:** An efficient system of communication is required because the business organizations are growing tremendously. Thousands of people work in the organization. Organizations have factories or offices in different parts of the country or even world.
2. **Advance technology:** Day by day rapid changes are taking place in science and technology leading to obsolescence of old technology. Thus in order to upgrade or modernize technology proper communication between the superior and subordinate in an organization is a must.
3. **Tough competition in the market:** Globalization and liberalization have resulted in cut throat competition. Thus to survive such competition, persuasive communication in form of advertisement, publicity, personal contacts are essential.
4. **Growing specialization:** Division of work paved way for specialists to work in different department's sound communication is thus essential for ensuring mutual cooperation and understanding between different departments.
5. **Trade union movement:** trade union movement is on its growth. Management now has to consult trade unions on various matters. A strong and meaningful relation between management and trade union is possible only by effective communication.
6. **Human relation:** Employee's participation in management helps to develop among them a sense of loyalty and belongingness towards the organization. Thus effective communication between management and employee is necessary to develop mutual trust and confidence.
7. **Public relations:** Public relations help an organization to improve its image in society as the organization has a social responsibility especially towards the customers.

5. What is the process of Communication?

The process of communication is the inter relationship between several independent components. It consists of a chain of related actions and reaction which together result in exchange of information. In order to understand the process of communication, it is necessary to describe each of these components.

A model of communication process is as follows:-



1. **Sender:** The sender is the first component of the process of communication. The sender may be a speaker, a writer or any other person. He is the one who has a message and wants it to share it for some purpose.
2. **Ideation:** Ideation is the preliminary step in communication where sender creates an idea to communicate. This idea is the content and basis of the message to be communicated. Several ideas may generate in the sender's mind. The sender must identify, analyze and arrange the ideas sequentially before transmitting them to the receiver.
3. **Message:** Message is the heart of communication. It is what the sender wants to convey to the receiver. It may be verbal i.e. written or spoken or non verbal i.e. body language, space language, etc.
4. **Encoding:** To encode is to put an idea into words. In this step the communicator organizes his ideas into a series of symbols or words which will be communicated to the intended receiver. Thus the ideas are converted into words or symbols. The words and the symbols should be selected carefully, it should be understandable and most of all it should be suitable for transmission and reception.
5. **Transmission:** Next in the process of communication is transmission of the message as encoded messages are transmitted through various media and channels of communication connects the sender and the receiver. The channel and media should be selected keeping in mind the requirement of the receiver, the communication to be effective and efficient the channel should be appropriate.
6. **Receiver:** Receiver is the person or group for whom the message is meant. He may be a listener, a reader or a viewer. Any neglect on the part of the receiver may make the communication ineffective. Receiver is thus the ultimate destination of the message. If the message does not reach the receiver the communication is said to be incomplete.
7. **Decoding:** Decoding means translation of symbols encoded by the sender into ideas for understanding. Understanding the message by receiver is the key to the decoding process. The message should be accurately reproduced in the receiver's mind. If the receiver is unable to understand the message correctly the communication is ineffective.
8. **Behaviour of the receiver:** It refers to the response by the receiver of the communication received from the sender. He may like to ignore the message or to store the information received or to perform the task assigned by the sender. Thus communication is complete as soon as the receiver responds.

9. Feedback: Feedback indicates the result of communication. It is the key element in the communication and is the only way of judging the effectiveness of communication. It enables the sender to know whether his message has been properly interpreted or not. Systematic use of feedback helps to improve future message. Feedback, like the message could be oral, written or non verbal. It has to be collected from the receiver.

6. What is the channel of communication?

A channel means a path or a way. Thus a channel of communication is the path or way through which information is transmitted throughout the organization. It is the route through which the message flows from the sender to the receiver.

7. What are the different channels of communication in an organization?

Human beings in an organization are inter related to each other. They are related both formally as well as informally. These relationships are maintained by means of communication. Therefore there exists in an organization two channels of communication: -

1. Formal channel of communication
2. Informal channel of communication

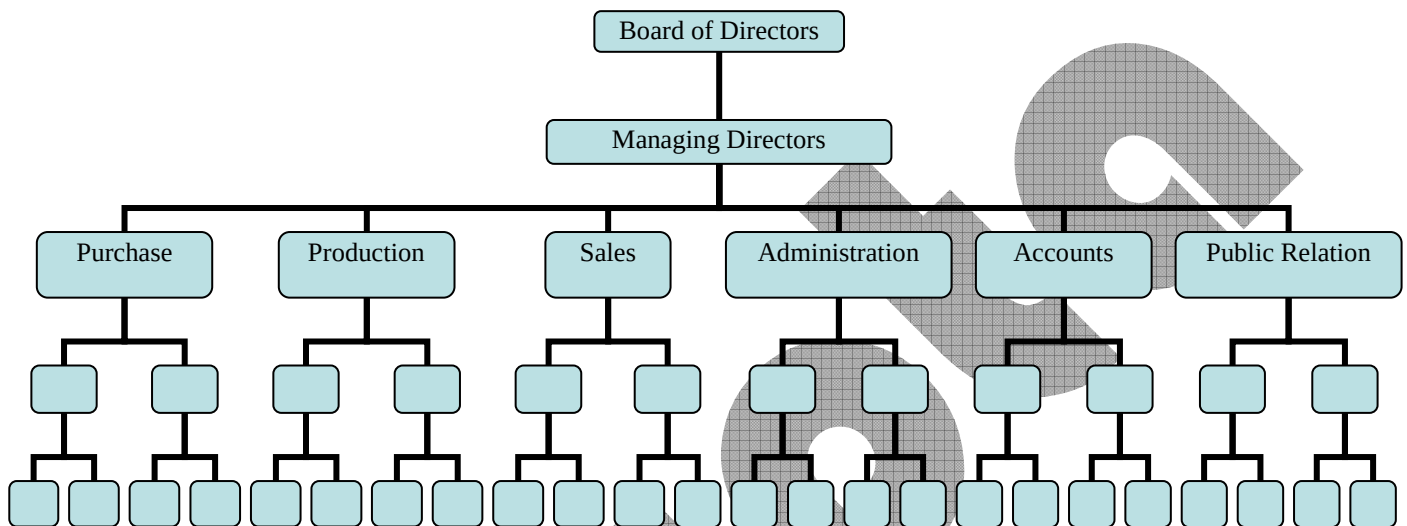
8. What is implied by Formal Channel of communication?

A formal channel of communication is the officially prescribed route for the flow of communication. It is that route of communication which is institutionally determined and is associated with status or position of the receiver and sender. The formal channels are deliberately related to ensure that accurate information flows smoothly and timely.

9. What are the various forms of Formal channel of communication?

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1. **Downward communication:** Communication that flows from the top level of the organization to the bottom level along with the scalar chain is known as downward communication. Example for such type of communication are orders, instructions, rules, policies, programs and directives etc. it specifies the extent of the subordinates authority and their responsibility.
2. **Upward Communication:** Upward communication is just the opposite of downward communication. In this communication system, the message is transmitted from the bottom of the organization upward to the top of the organization through the middle managers along with the line. Usually this includes workers grievances, suggestions and reactions. This communication system was not appreciated by the superiors. But it has assured importance in modern times and is considered to be a main source of motivating employees.
3. **Horizontal communication:** The flow of information between departments or people of equal level in an organizational structure may be termed as horizontal or lateral communication. The two departments may be under the same superior or may have different heads. Such communication may be written or oral. The main object of lateral communication is to co-ordinate the efforts of different departments or persons.
4. **Diagonal communication:** Diagonal communication is between people who are neither in the same department nor on the same level of organizational structure. It cuts across departmental lines. It generally takes place when members cannot communicate effectively through other channels.

These upward, downward, horizontal or diagonal communication may be oral, written, informal or gestural.

10. What are the advantages of Formal Channel of communication?

1. All information flows through the proper channel in an orderly and smooth way.
2. Formal channel helps in fixing responsibilities for the activities carried out in an organization thereby ensuring control.

3. In Formal Channel the superior and the subordinates are in direct contact with each other. So a better understanding develops between them.
4. The information is filtered at every level of organization which ensures that only essential & necessary information passed to the next level.
5. Formal channel cover all sub system of an organization.

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11. What are the disadvantages of Formal communication?

1. Formal channel is a slow and rigid channel therefore they are time consuming.
2. The superiors are overloaded as they have to filter the information and pass only the essential part of information.
3. Formal channel is a narrow channel of communication.
4. Possibilities of over filtration of information cannot be denied which may lead to distortions of information.
5. Formal channel are expensive as the messages are generally conveyed in writing.

12. What is the implied by Informal communication?

The informal channel of communication is that channel of communication which is not officially prescribed. It is that route which is used by workmen in an organization to maintain social (informal) relationship amongst themselves. It is thus created as a result of operation of social force in an organization. It can be said that informal communication flows through corridors to water coolers, down hallways through lunchrooms and where ever workmen get together in groups.

Informal communication co-exists along with formal communication and supplements it.

13. What is a Grapevine?

Informal communication is known as grapevine. Grapevine arises because of the desire of the people to communicate without following the formal channel of communication. It follows no setlines, nor any definite rules, but spreads like grapevine, in any direction anywhere

14. What are the factors responsible for Grapevine?

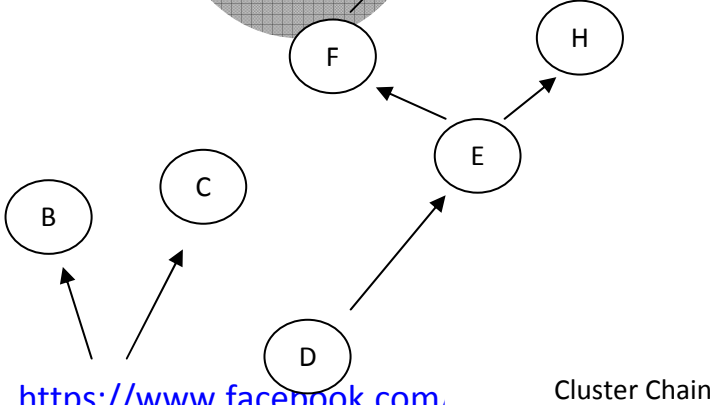
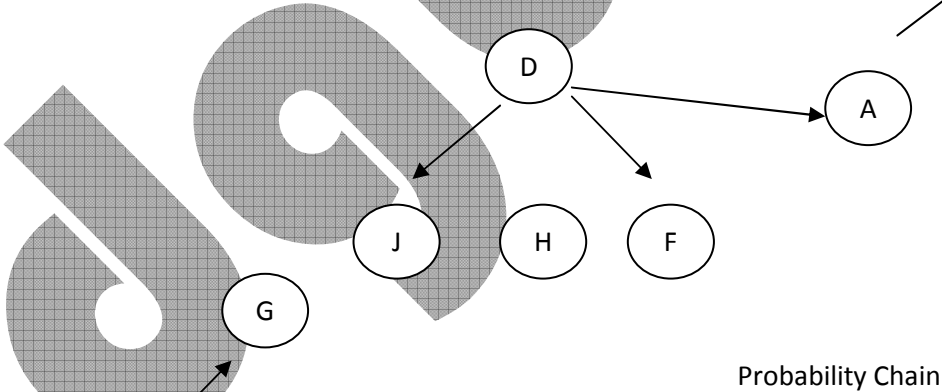
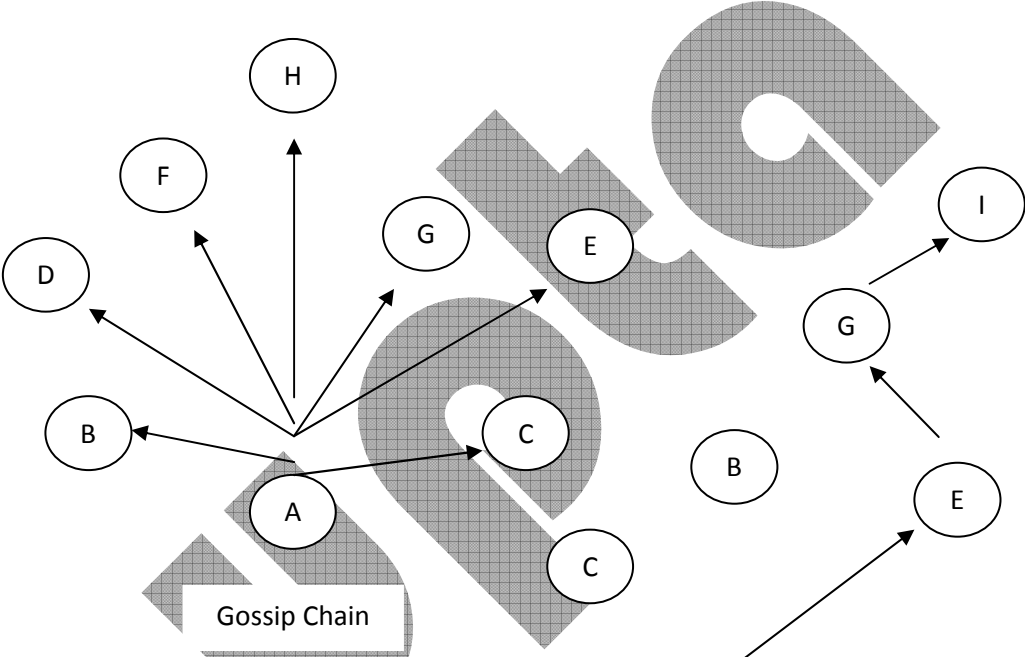
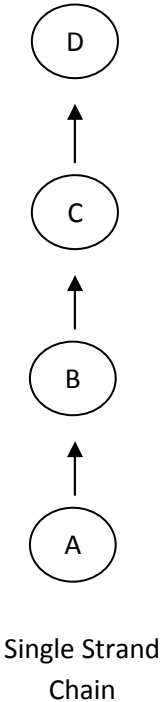
According to Keith Davis Grapevine is a product of situation. It steadily takes place when:-

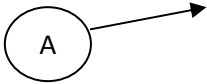
1. Workmen in the organization are faced with uncertainties like promotional chances, increments, job insecurities, etc.
2. When there are possibilities of certain changes in an organization like change in policy, adoption of new technology, etc.
3. When workmen are physically situated close enough to influence and trust each other.

15. What are the different Types of Grapevine?

Keith Davis has identified four different networks for transmitting information via the grapevine:-

1. **Single Strand Chain:** In single strand chain one person communicate with only one person. In this the first person tells something to the 2nd, the 2nd to the 3rd person, the 3rd to 4th person and so on till the message is communicated to all.
2. **Gossip Chain:** In gossip chain one person communicates with many persons. As soon as a person gets some interesting non jog related information he conveys the same to every other person.
3. **Probability chain:** In probability chain communication takes place between many persons. There information is conveyed from one person to another irrespective of the fact that they are related to each other or not whether formally or informally. In this the information passes at random.
4. **Cluster Chain:** In cluster chain one person communicates with many other persons but selectively. In this one person may convey information to 4 or 5 persons whom he knows very well and can trust out of these 4-5 persons one or two may again pass on the information. As the number grows larger and larger and information staler, it gradually dies out. This is knows as cluster chain because one person while conveying message may from cluster.





16. What are the advantages of Informal or Grapevine communication?

1. It is free from formal lines of authority.
2. Communication is faster and quicker as the message has not to pass through prescribed route.
3. There is no channel of command and it spreads to all directions.
4. If properly utilized it may supplement formal channel of communication as it may be used to clarify managements view points.
5. It may also provide feedback to managers on the reaction of a decision taken by the management.
6. Informal communication draws employees closer to each other and builds up a co-ordial relationship.

17. What are the disadvantages of Informal or Grapevine communication?

1. Grapevine often carries half truth and distorted information with an alarming rate of speed.
2. The people in an organization are likely to be mis informed and misled.
3. Since there is no chain of command it is difficult to fix responsibilities on a particular individual.
4. Often the information transmitted is contradictory in nature.
5. Grapevine is less orderly and less static and thus the image of the organization may be spoiled.

18. How can the Grapevine be used effectively?

Grapevine is quite powerful and influential. It can cause considerable damage. Hence management try to crush it completely. But Grapevine cannot be completely eliminated.

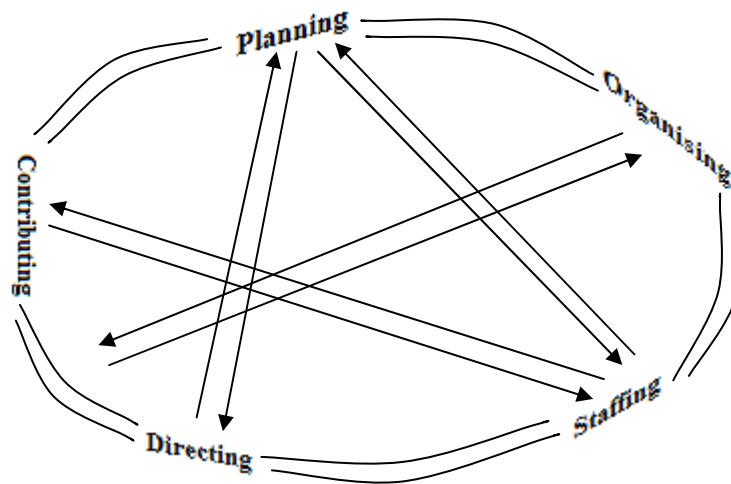
The Grapevine can be used effectively in the following way:-

1. The manager should adopt an open door policy and should keep each one well versed about plans, prospects policy matters or any other changes in the organization.
2. The manager should identify the leader and try to win his confidence. The manager should involve the leaders in the decision making.
3. The manger should listen to every gossip or rumours and analyse it to get to the nerve of the feelings of employees.
4. The manager should maintain a cordial relationship with his subordinates so as to reduce the possibility of grapevine.
5. As far as possible the manager should work towards providing healthy atmosphere at the workplace. One cannot stop rumours or curb grapevine altogether but efforts should be taken to check these as far as possible.

19. What is Inter-departmental communication?

The communication between the members of various department of a company (viz. production, planning, marketing, sales etc.) is known as Inter- Departmental communication.

Inter-Departmental Communication: Function



20. What are the advantages of Inter Departmental Communication?

The advantages of Inter Departmental Communication are as follows:

1. It helps to collaborate and achieve the objective of the organization.
2. It helps in bringing about co- operation and harmony in the organisation's functioning.
3. It also helps in avoiding
 - i. Unnecessary conflicts
 - ii. Poor performance
 - iii. Time delays
 - iv. Decisions that work at cross purposes.

21. What are the major causes of Inter Departmental Communication Problem?

Inter Departmental Communication problem arises due to the following reasons:

1. Departments are physically separated

Very often the various departments in an organization are separated physically this creates barriers to effective interdepartmental relationship which restricts the natural communication process.

2. Departmental perform separate function

The various departments perform functions and thus each department has different priorities. This causes barriers in communication.

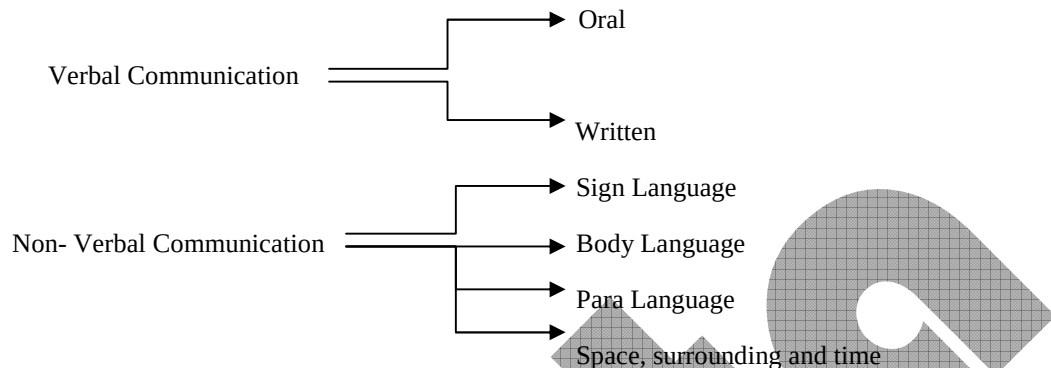
22. What are the various Means and Media of Communication?

Messages, ideas, suggestions etc. are the subject matter of communication. They are abstract and intangible, their transmission and receipt require the use of certain symbols. The symbols may be:-

1. Verbal Communication symbol
2. Non-Verbal Communication symbol

Each of these symbols may be either used exclusively, that is to the complete exclusion of others, or as is very commonly the case, two or more of these can be used to supplement each other.

The verbal communication and non verbal communication can be further classified as follows:



23. What is Verbal Communication?

The term verbal means 'use of words'. Verbal communication means communication through words which may be oral or written. Thus in verbal communication words are the main communication symbols used on and off the job. Words infect make languages and are most accurate and powerful symbols. Therefore most of the communication in work place through words.

24. What is oral communication?

Oral communication means communication through words spoken i.e. by speech:-

In oral Communication, Both the parties to the process, i.e. sender and receiver, exchange their ideas through oral words either in face to face communication or through any mechanical or electrical device, such as telephone etc. in this system person can exchange their feelings fully and clarification regarding any doubt or ambiguity may be sought. Oral communication is preferred by rank and file employees as well as supervisors and managers, as they enjoy the opportunity to ask questions and to participate.

Advantage:

1. **Economical:** Oral communication is relatively less expensive. It saves the money spent on stationary in an organization.
2. **Time sever:** Oral communication is fast. It saves the time involved in writing the message.
3. **Flexible:** Oral communication is very flexible in sense it provides an opportunity to the speaker to correct himself and make himself clear by changing his voice, pitch, tone etc.
4. **Quick response:** Oral communication is also helpful in getting quicker response from the receiver. The speaker gets immediate response from the receiver. It thus provides immediate feedback to both sender and receiver.
5. **Personal touch:** Oral communication is personal in nature. It is this nature that brings superiors and subordinates closer. It is also an effective tool of persuasion.
6. **Maintains secrecy:** Oral communication has an added advantage of maintaining secrecy. Oral messages can be more easily kept confidential than written messages.
7. **Group communication:** Oral communication is an effective tool for communicating with the groups at large. Group reactions can also be interpreted immediately to arrive at reasonable conclusions.

Disadvantages/Limitation:

1. **Time Consuming:** Oral communication may not be time saver always. Many a times it is seen that meetings continue for a long time without arriving at any satisfactory conclusion.
2. **Poor retention:** Oral communication is more likely to be forgotten. The listener cannot always retain oral messages in his memory for long. Sometimes even the speaker may not remember what he actually said.
3. **Not suitable for lengthy messages:** Very often oral communication gets distorted. This is more so in case of lengthy messages when communicated through various level of hierarchy.
4. **No Record:** No permanent record is kept in case of oral communication. In the absence of record, oral messages have no legal validity.
5. **Misunderstood:** In oral communication, much depends upon the tone, pitch, voice etc. the speaker, due to his poor vocal expression, may not be able to make himself clear and the listener may also be in attentive. Thus the message may be misunderstood.
6. **Not precise:** Oral communication is not precise and to the point. People are more precise when they write rather when they speak. Very often, the exact message to be conveyed is lost in a mass of words.

25. What is Written communication?

Written communication means communication through words written. In written communication, both the parties to the process, i.e. sender and receiver, exchange their ideas through written words, graphs, diagrams, pictographs, etc. It transmits messages through letters, memos, notices, circular notes, manuals etc. While oral communication is spontaneous and natural, written communication requires conscious efforts. Written communication depends on language as a means up of sentences into clauses and of matter into paragraph etc is very important.

26. What are the Characteristics of Written communication?

The characteristics of written communication are as follows:-

1. Written communication is a one cycle even because it does not get immediate response from the receiver.
2. Written communication is specific when it is meant for specific persons. It can also be general when it is meant for public at large.
3. Written communication is a creative activity. It requires a lot of imagination and continuous efforts.
4. Written communication is however not spontaneous. It requires a meticulous planning on the part of the writer.
5. Written communication is time taking. The message has to be planned, drafted and finally encoded (written) before sending.

27. What is the Importance of Written Communication?

1. Written communication is indispensable to an organization. Just as it is impossible to think of social life without oral communication, it is impossible to think of business or an organization without written communication. It is the backbone of the business communication.
2. Written communication is used more in an organization because face to face communication is not always possible, due to employees being spread over widely located geographical distance.
3. Written communication assigns responsibility. In an organization employees have to function within defined limits of authority and responsibility. In the absence of written communication it is not easy to determine responsibility.
4. Written communication, through its media of letters and memos to its creditors, shareholders can boost up the image of the organization.

28. What are the advantages and Disadvantages of Written Communication?

Advantages:

1. **Permanent Record:** Written communication provides a permanent record for future reference and serves as a good guide for decision making and planning in future.
2. **Precise and Accurate:** The writer tries to organize his ideas logically before penning them down. As a result written communication tends to be more accurate, precise and reliable.
3. **Legal evidence:** Written messages provide a permanent record and as such are used as legal evidence in a court of law. Written records are more reliable and acceptance as documentary proof.
4. **Wide coverage:** Written communication has the widest possible coverage. It is perhaps the only means of communication when the sender and the receiver are separated by long distance.
5. **Easy to understand:** Written messages can be read and re-read again and again. Thus it is likely to be understood better.
6. **Suitable for lengthy message:** Lengthy messages lose their authenticity in oral communication. Written communication is thus very suitable for transmitting lengthy messages.
7. **Aids control:** Written communication encourages deliberation, permits editing and review, helps to prevent distortion and consequent misunderstandings.

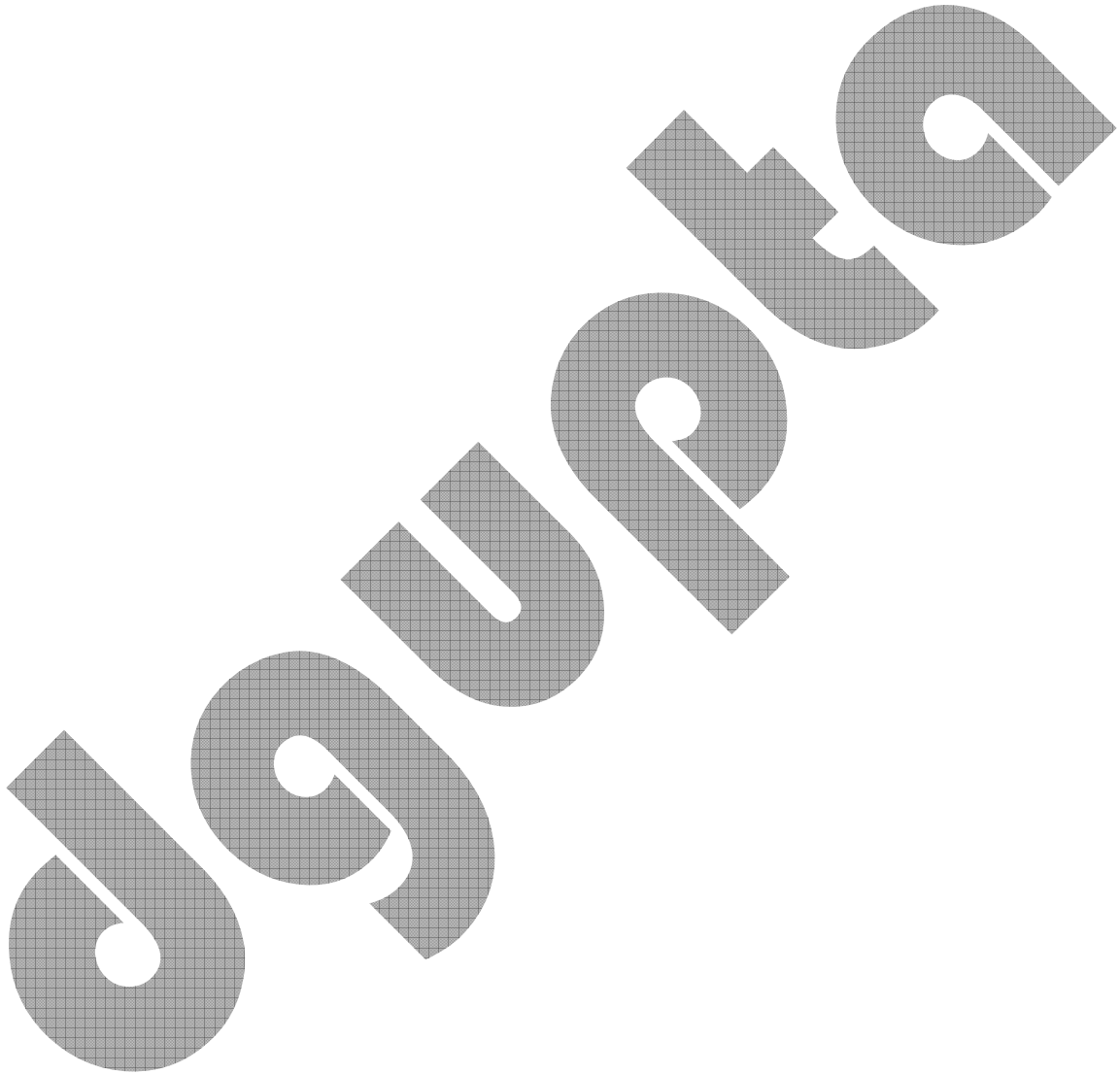
Disadvantages:

1. **Time consuming:** Written communication is not suitable when the message is to be sent immediately. It is time consuming event which requires time in not only sending it but also in putting the message in writing.
2. **Rigid:** Written communication is rigid and lacks flexibility. The doubts and queries cannot be clarified immediately.
3. **Costly:** Written communication is a bit more expensive than oral communication. It costs a lot in terms of stationary, postage and typing costs.
4. **Lack of secrecy:** It is difficult to maintain secrecy in written communication.
5. **Delayed feedback:** Written communication is mostly handicapped by its inability to get immediate feedback. The sender of the message is not able to judge the response of the receiver from his facial expression.

6. **Increase the workload:** Written communication creates mountains of paper cluttered around the premises of the organization. The staff has a tough time in managing it very often valuable papers are lost. Therefore staff/managers have to be extra careful about the papers.

29. What is the Non-verbal Communication?

Non-verbal communication is not the communication which involves neither written nor spoken words but takes place without the use of words. In it we are concerned with such things as body movements, space, time voice tone/pitch, general characteristics of the environment colour, and any kind of audio or visual signals that the communication may use.



Importance:

1. Non-verbal communication is important because action speak louder than words.
2. Non-verbal communication reveals a person true feeling, motivation or character. Due to this non verbal communication are superior to verbal communication.
3. Non-verbal communication is much more efficient than verbal communication wave of hand or pat on the back speaks volume.

30. What is Kinesics?

According to a scientific analysis, verbal communication accounts for 7% bodily movements, gestures accounts 55% and voice, tone etc. account for 38% of out total communication.

Since bodily movement, gestures etc are also important for communication, they are being systematically studied as a sub area of non verbal communication. It has been termed as KINESICS. The word kinesics literally means body movement. It stands for the way the body communicates without words, and through various movements of its parts.

31. What is the Importance of Kinesics?

1. The importance of kinesics can be put brought forward by the words of famous psychologists **Paul Ekman** who says, "We talk with our vocal cord but we communicates with our facial expression, tone and pitch of voice, our whole body."
2. The importance of body language lies in the fact that one can play fast and loose with words but body language speaks truth.
3. When managers consciously read what others are conveying by body movement, they can easily deal with issues before their become problem.
4. Non-verbal communication is also important because it is efficient. A message can be very well transmitted more economically than any other means of communication.

32. How are body movements of a person guided by his thoughts and feeling?

All body movements, postures, gestures etc. are guided by out thoughts processes, emotions etc. our nodding of head, blinking of eyes, waving of hands and shrugging of our shoulders sends out signals and messages that speak louder than words. That is why it is called 'Body Language'. Just as language use sets of symbols to convey meaning, our body too both consciously and un-consciously, knowing and unknowingly carries messages, status relationships, moods warmth, indifference etc. One has to infer these meaning from body symbols.

33. What is the role of different parts of the body in communication?

1. **Head:** Head occupies a very important place in our body. Similarly it also plays a very important role in communication. The way we hold our head conveys a lot. The posture and movement of head are very important in face to face communication. Let us see what each posture conveys:-
 - i. **A head held up:** Sign of honour, self respect and self confidence.
 - ii. **A head bent low:** Sign of modesty, politeness, or guilt.
 - iii. **A stiffly head, held or drawn back words:** Sign of pride, or naughtiness.
2. **Face:** A popular states 'the face is the index of mind' i.e. the face is the mirror of mind. The face is indeed the primary site for expressing emotions. It reveals both the type and intensity of the feeling. Facial expression conveys a lot without speaking a single word. Every facial muscle and every part of the face is an instrument of communication be it eye

brows, the lines of forehead, the cheeks lips. A manager can very well practice to interpret these signals by first observing his own expression in a mirror.

3. **Eye Contact:** Eye command particular attention as a source of non verbal communication. Eyes communicate our deepest feeling. In face to face communication eye contact is of great importance. They are especially effective for indicating attention and interest, influencing others, regulating interaction and establishing dominance. Eyes adopt different position in different situations such as:-

- i. **Fixed eye:** Show concentration.
- ii. **Raised eyes:** Indicate fear or surprise.
- iii. **Smiling eyes:** Reflect happiness.
- iv. **Long fixed gaze:** Show interest.
- v. **Evasive eyes:** Nervousness or lack of interest.

4. **Gestures:** The physical movement of arms, legs, hands, torso and head are called gestures. They also play a very important role in conveying meaning or messages without using words, examples:-

- i. Pounding fist on the table shows 'anger'
- ii. Arms spread apart means wide.
- iii. Shuffling from one leg to another means nervous or restlessness etc.

The anger the gesture, the louder the speech. Speech and gesture go together and therefore, have to be proudly co-ordinated. Lack of co-ordination between speech and gestures will lead to confusion.

5. **Body shape and postures:** Behavioural scientists have studied the shape of the human body and have broadly put there in the following three types:-

- i. **Ectomorph:** thin, youthful and tall.
- ii. **Mesomorph:** strong, athletic and muscular.
- iii. **Endo morph:** Fat round and soft.

We however cannot do much about our body shape but we can definitely put it to effective use. Standing or sitting erect, leaning forward or backward, stretching or bending sideways all convey meanings. A person can make both positive and negative impression of himself or others through his body posture. Therefore we should make efforts to ensure that our body does not send out wrong or negative signals especially during interview, meeting and other formal or informal interactions.

34. What are the advantages and disadvantages of Kinesics?

Advantages:

1. Body language communication is easily visible. It helps the receiver of the message in decoding the message.
2. It adds intensity to the process of communication.
3. People are for the body language so it goes a long way to improper the overall atmosphere.

Disadvantages:

1. No one can totally rely upon the body language because it is non verbal. It cannot be taken seriously.

2. There are chances of misinterpretation because people belonging to different cultural backgrounds send different body signals.
3. If the listener are inattentive, these body languages become ineffective.

35. What is Para Language?

'Para' means 'like'. Para language means 'like language'. It is non-verbal communication which is closely related to verbal communication. It is non verbal communication because it does not comprise words. It is 'like' verbal communication because it is related to way the words are spoken. Without it words do not convey their intended meaning. While verbal communication consists of 'what' or the contents of words, paralanguage involves the 'how' of a speaker's voice or the ways in which the speaker speaks. Example of paralanguage is voice, words stress etc.

36. What is the various elements of Para language?

1. **Voice:** Voice is the most important element of Para language. Voice tells us about the speaker's sex, age, background, education; temperament etc. voice conveys the message in a more effective way. However these points have to be considered.
 - i. **Pitch variation:** Pitch means highness or lowness of sound i.e. quality of sound. Wide variation in pitch should be made during a speech. This is essential and helps in catching the attention of the listener and maintaining the interest in the speech.
 - ii. **Speaking speed:** The speaking speed should neither be too fast nor too slow. The speed should be such which ensures fluency. As a rule the easy parts of the messages should be delivered at a brisk pace as it is likely to be understood easily. On the other hand, the difficult complicated, technical part of the message should be delivered at a slower rate.
 - iii. **Pause:** Pause is an important aspect of speech. One cannot and should not go on speaking without pause. But pause have to be at the right moment. A pause at the right moment can be very helpful in emphasizing the upcoming subject. Where as an arbitrary pause or unnecessary frequent pauses spoils the speech.
 - iv. **Variation in volume:** an efficient speaker varies his volume while delivering his speech. Volume means loudness of voice. Volume variation puts life into one's speech. However the loudness of voice should be adjusted according to the size of the audience. While speaking one should be loud enough to be audible but not too loud to put the audience off.
 - v. **Non fluencies:** speech is not always a continuous string of meaningful words. There are pauses scattered at intervals. These pause are very often inserted with sounds or utterances like 'ah', 'oh', 'uh', 'hum', 'you know', ok etc. These sound or utterances are called 'Non fluencies'. These non fluencies if used carefully and sparingly add to the fluency of the speaker, gives him time to breathe or relax and makes the listener more alert and gets the message conveyed overtly or covertly.
2. **Proper word stress:** Proper word stress is at most important in communication. A speaker can change the meaning by putting stress on a word here or a word there in the same sentence. For example, let us read the following series of statement, emphasizing the bold word in each:-

Did you go for a walk **yesterday**?

Did you go for a **walk** yesterday?

In each of the above statement the same group of words is used but the stress on different words gives it a different meaning every time it is spoken. Similarly we can change the meaning by stressing different parts of spoken words like play (noun) Fly (noun) Play (verb) Fly (verb).

A good speaker should put stress on words or parts of words. One should also improve one's word stress by listening the good speakers and participating in discussion.

37. What are the advantages and disadvantages of Para Language?

Advantage:

1. Para language aids the verbal communication. Verbal communication is incomplete without Para language.
2. One can very easily judge the speaker's background both educational and cultural from the way he speaks.
3. Para language also indicates the speaker's position in the hierarchical structure of the organization.

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4. Para language is also helpful in dealing with a particular person.
5. Para language is not rigid and one can improve it by observing and listening the good speakers.

Disadvantages:

1. Para language cannot be fully relied upon as it is only a like language.
2. Listener has to be open minded otherwise the Para language may prejudice him.
3. Para language can thus be misleading or misguiding.
4. It requires extra care to get the exact content of the language.
5. Due to speaker's belonging to different speech community it is difficult to achieve uniformity.

38. What is Proxemics or Space Language?

Non verbal communication involves not only body language and Para language but also the space around us. Proxemics is the study of how we communicate with the space around us. The space here means the distance between the sender and receiver of the message in oral communication. This distance is called proximity.

Edward T. Hall has done very useful and interesting work in his idea. Placing ourselves in the centre he has presented the space around us in the form of the following concentric circles:-

Distance wise it can be stated as below:-

Intimate: Physical contact to 18 inches.

Personal: 18 inches to 4 feet.

Social: 4 feet to 12 feet.

Public: 12 feet to as far as one can see or hear.

1. **Intimate space language:** In this very close contact is maintained within the space of 18 inches. It is most suitable for the use of body language as most of our body movement originate within this area. Only very special people like our family members, relatives and close friends enter into this area. Intimate space is very suitable for highly confidential talks and decision concerning sensitive matters.
2. **Personal space language:** Personal space extends from 18 inches to 4 feet. People have normal conversation with close friends, colleagues and visitors. The nature of communication is more or less personal and is generally relaxed and casual. It permits informal spontaneous talking. Some important decisions are also taken in this.
3. **Social space language:** Social space extends from 4 feet to 12 feet. It is used for formal and official relationship. Most of the communication in the organization takes place in this space. Communication here is dominated by reason and planning rather than by emotion and feeling.
4. **Public space language:** Public space extends beyond 12 feet. Communication in public space is highly formal and objective. Public address system may have to be used. Public announcement and election rallies are best examples of public space language.

39. How is space used in communication?

Proxemics is also concerned about the use of space by groups of people. Different people make use of space around them in different ways. The way a group uses the space assigned determines their respective position and interaction pattern. For example: people seated in front are considered to be bold and are the ones who initiate the conversation.

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Fixed and semi fixed spaces have important implication in communication. Let us analyse it further.

Fixed spaces: Fixed spaces refer to permanent features like room, walls, buildings and its total capacity, length, breadth etc. These features determine who interacts with whom, why, how and for what purpose.

Semi Fixed Species: Semi fixed spaces refer to physical features which are not permanent and can be changed or re-arranged. For example, furniture decor etc. In other words semi fixed spaces are flexible that permits the use of a variety of spaces to conduct different types of communication. For example, some furniture can be arranged or rearranged as per the need of communication.

40. What is the significance of surrounding in communication?

Surrounding or physical environment speaks a language of its own. It is a vast area. Two important parts of surrounding are colour and layout. We get meaning from our surrounding.

Similarly our choice of colour and design gives signal to others:-

1. **Colour:** Colours have been used since long to convey meaning. There exists, what we may call a 'colour language' different colours are associated with different attitude. Behaviourial pattern and cultural background for example white stands for peace and chastity. Pink, red, yellow, blue represent cheerfulness. Black, grey is associated with sober mood and negative feelings.
2. **Layout and Design:** The layout and design of an office projects the image of an organization. A tastefully decorated office creates good impression. Thus the space arrangement of an office, the furniture and its colour design etc. are important in communication.

41. What is Time Language?

Time language is another type of non verbal communication. Under it people communicate with each other in terms of time by showing then in a sophisticated way, the worth of time. Time pervades our thinking and dominates our communication. All communication is meant to be suitably timed. Time management is now one of the most important part of overall management.

42. What are the Barriers of Communication?

Communication is the process of passing information and understanding from one person to another, any thing that obstructs the free flow of communication is referred to as Barrier of communication-

E.g. Problem in encoding and decoding, wrong or defective communication channel, noise in the channel etc.

Barrier may arise at any of the following level:

1. The sender's level
2. The receiver's level
3. The medium of communication.

43. What are the types of Barriers in communication?

Types of Barriers: The barriers to communication in an organization may be broadly categorized into following groups:

1. Physical barriers
2. Socio- psychological or personal barriers
3. Organizational barriers

4. Semantic barriers
5. Mechanical barriers

However, such a classification does not suggest that these are mutually exclusive. Rather, it is helpful in understanding the nature of communication barriers.

1. **Physical Barriers:** There are the environmental factors that also obstruct or reduces the sending and receiving of communication, such as physical distance distracting noises and other interferences difficulty arises in communicating a message, when the physical distance increases:-
 - I. **Noise:** Noise is first and foremost barrier to effective communication. Noise may be caused by machines, equipment, communication device, disturbances in the time of transmission etc. noise also encompasses many other factors such as the sender may use ambiguous or confusing signal. The receiver may misinterpret the message. Thus communication is likely to be spoilt due to noise.
2. **Socio-psychological or personal Barriers:** There are certain socio psychological factors which restrict the free flow of communication. They are the attitude and opinions, status consciousness, ones relations with fellow workers, seniors, juniors etc. family background. These restricts participative communication:
 - I. Motives, attitudes, judgments, emotions, and social values of people from the part of the personal barriers. **Psychological distance** is also developed with this.
 - II. **Individual Differences:** There are differences in the motives, attitudes and sentiments of the people. So this causes problems in encoding and decoding other's sentiments, attitudes and motives.
 - III. **Differences in interest:** The interest of people also differs. A problem may be important for one person but may not carry weight for another. The ideas, question, attitudes, feelings etc of other party may represent an obstacle to one's own personal goal.
 - IV. **Division of People:** Communication is ideas and viewpoint also gets affected by the division of people into classes, castes and communities.
 - V. **Difference of view points:** Communication suffers when there are differences in view point of the different people.
 - VI. **Lack of planning:** Good communication never happens but has to be planned. When people take it lightly and communicate without planning it turns into mis communication or mal communication.
 - VII. **Cultural barriers:** Due to difference in the cultural background the same word, phrases, symbols, actions etc. may mean different to different group of people. Mis understanding may take place due to this.
 - VIII. **Emotions:** Self control is essential in effective communication. Messages are likely to be distorted when it is influenced by emotions of both sender and receiver.
 - IX. **Poor retention:** when people forget the messages reaching them, the need arises to repeat the message using more than one media of communication for the same message. It should also be noted that about 80% of the messages is lost in each transmission.
 - X. **Poor listening:** Poor listening defeats the very purpose of communication. It leads of poor retention and incomplete messages reception. Receivers should be encouraged to be attentive listeners.
3. **Organizational Barriers:** Organisational barriers arise due to defects in the organization structure and the communication system of an organization:

- I. **Hierarchical distance:** Downward communication promotes hierarchical distance. The chances of information being filtered are more at this structure, because there are several layers. Information received from the top may not reach at bottom in the same shape. The information gets coloured which brings hierarchical distance.
 - II. **Diversion:** Diversion of information is also one of the causes which brings barrier to communication process. For example sometimes a manager diverts the information meant for one person or group to another.
 - III. **Colouring:** Information are also coloured by the manager intentionally with a view to twist the situation in their favour. For example, an office may quote his subordinate wrongly, to spoil his career or his chance of promotion or his image in the eyes of the boss.
 - IV. **Status barriers:** Status is a barrier of communication in a formal organization. Organizational interaction and communication are influenced by the status and the expectations.
 - V. **Goal conflicts:** Goal conflict acts as communication reducers. Different goal lead to bifurcation of interest. Due to this communication suffers.
 - VI. **Filtering:** Filtering means manipulation of facts by the sender in such a way that the receiver it favourably. This happens more often in case of upward communication when the subordinates try to please their boss. The result is communication of incomplete or bias information.
 - VII. **Insufficient period for adjustment:** People take their own time to adjust. When the purpose of communication is to bring about changes, sufficient time should be given to the employees to adjust themselves to ensure communication.
4. **Semantic Barriers:** Semantic means the relationships of signs of their reference. Semantic barrier arises from the disadvantages of the symbolic system. Symbols have got number of meaning and one has to choose any one of them according to the requirement of communication. Hence, a meaningful distinction should be made between inferences and facts.

Semantic refers to the study of relationship of words and signs. It arises from the disadvantage of symbolic system. Symbol or the language is the most important tool of communication which has to be used very carefully:-

- I. **Words with different meaning:** Some words convey more than one meaning. When the receiver assigns a different meaning to a word than what the sender intended, there occurs mis-communication.
- II. **Denotation and connotation:** Words have two types of meaning. Denotation and connotation. Denotation are the literal meaning of the words connotation are the suggestive meaning of the words. Connotation are the suggestive meanings of the words. Connotation may be positive or negative. For e.g. word cheap may be connected as low price (positive Connotation) or low quality (negative connotations) difference in connotation may misinterpret a particular message.
- III. **Offensive style of communication:** Badly expressed messages lose their impact. Offensive style of communication leads to communication breakdown causing loss of time and money.
- IV. **Wrong assumptions:** Communication should not be based on assumption as it may lead to wrong interpretation. All possible efforts should be made to clarify assumptions.
- V. **Selective perception:** many a time the message is decoded by the receiver in a way which may be selective. In other words most of the receivers protect their own interest and expectations leading to a particular type of feed back which becomes a communication problem.

5. **Mechanical Barriers:** Mechanical barriers include inadequate arrangement for transmission of news, facts and figures. Example poor office layout and defective procedure and the use of wrong media led to poor communication.

- I. **Information overload:** Excess of communication is called information overload. Brevity is the soul of communication. The receiver cannot comprehend and absorb beyond his mental capacity. His mind will remain closed for the excess part of the communication. Therefore one should be brief and to the point.
- II. **Loss of transmission:** When messages are transmitted from person to person they are filtered. In other words they are diluted and distorted on the way. In oral communication about 30% of the information is lost in each transmission.

44. What is a Business letter?

A letter is price of conversation by post. It is the most important means of written communication. Every organization has to maintain contacts with its customers, suppliers, Government Department and so on. The organization has also to exchange information with various parties. Placing orders, soliciting enquires, executing orders etc. require communication. For such type of communication the media used by the organization is a letter. This letter is known as business letter.

45. What should be the physical appearance of a business letter?

A business letter is the media through which an organization maintains its contact with the external world. Thus a business letter must appeal to the reader's interest and include in him the proper mood. Just as the "appeal of proclaims the man", the appearance of the letter often reveals the character of the writer and the organization he belongs to.

Thus physical appearance of a business letter is very important. The physical appearance of a business letter largely depends on its structure, lay out, and form of the latter.

46. What is the Layout of a Business letter?

The layout of a business letter includes the quality of a paper, the arrangement of the matter, the way the letter is folded and kept in the envelop and lastly the envelop with the addressor's and addressee's name and address:-

1. **Stationary:** For making an initial impression it is necessary to choose good quality stationary. The extra expense on this account is more compensated by the impression it creates on the reader:-
 - i. **Paper:** Bond paper should be used for writing a letter because of its fine texture, gracefulness and sturdiness.
 - ii. **Size of the paper:** the standard size of the paper used for business letter is 11" X 8.5". This is the acceptable for business letter for its dimension are proportional. Now days size of office files and office cabinets are made to suit this paper size.
 - iii. **Colour of the paper:** Most business letters are written on white paper with black ink. But coloured paper or tinted papers are also used. The colour of the paper should be a light one to give a soothing effect to the eyes and can be photo copied clearly.
 - iv. **Letter head:** the first page of a letter is usually typed on a letter head. Following information is neatly printed or embossed on the letter head;
 - a. The full name of the individual/firm
 - b. Address
 - c. Pin code
 - d. Telephone number

- e. Fax number
- f. E-mail address
- g. www URL

2. **Typing:** Most business letters are typed on electronic type writers or composed on computers. Typing gives a tidy appearance to the letter and saves time. But care should be taken to get the letters typed neatly.
3. **Margins, blank space at the bottom and the top:** Margins and blank space at the bottom and the top add to its attractiveness. Generally, one inch margin is left on the side and one and half inch is left on the top and bottom of the letter. The letter should be set neatly within the space thus left so to give it a picture frame appearance.
4. **Punctuation:** There are 3 types of punctuation:-
 - i. The traditional style
 - ii. The mixed style
 - iii. The modern style
 - i. **The traditional style:** this is also known as the convention or the 'closed punctuation' style. In it the main parts of the letter are punctuated.
 - ii. **The mixed style:** In it the comma is put after date, the house no(if any), the salutation, the complimentary close and full stop after the last time of the inside address.
 - iii. **The modern style:** The modern tendency is to omit unnecessary commas and full stops and to use what is called 'open punctuation'. In it no commas and full stops are used in any part of the letter except in the body in which usual punctuation marks are used.
5. **Folding of the letters in the envelops:** Envelops should be chosen to suit the size of the paper on which the letter is typed. These days window envelops are used. These are specially prepared envelops with the space meant for writing address carrying transparent tissue paper. The letter is folded in such a way that the inside address falls just below the tissue paper.

Folding of letter should be so done that it does not spoil its sophisticated looks. Thus folding should be done keeping in mind the size of the paper, the size of the envelop and the number of enclosures.

47. What are the components of letter?

The components of a letter constitute the different parts of a letter. The following parts usually constitute the structure of a business letter.

- | | |
|----------------------------------|------------------------|
| 1. Heading | 2. Date |
| 3. Reference | 4. Inside address |
| 5. Attention line | 6. Salutation |
| 7. Subject | 8. Body |
| 9. Complementary close | 10. Signature |
| 11. Enclosures | 12. Post scripts |
| 13. 'CC' or Carbon copy notation | 14. Reference initials |

1. **Heading:** The heading which is also known as 'head address' or "letter head" contains information relating to the name of the organization and its address. It is usually given at the top centre or top right side of the paper. Following information are provided in the heading.

The firm's name, address, trade mark, telephone number, telex number, Ethics-mail address etc.

2. **Reference Number:** The number which the receiver refers in all future correspondence is called reference number. It is usually printed below the date line or on the same line where the date is written to the right margin. The purpose of reference number is to enable replies to be linked with the previous correspondence and to send replies to these letters to the proper official or department.
3. **Date:** The date consists of day, month and year. The date finds its place either at the starting of left margin or at the closing of the right margin as the style adopted. Date enables quick references in future and helps in prompt action and orderly filing.
4. **Inside address:** The inside address contains the name and address of the organization or the individual to whom the letter is written. It is written below the reference time starting from the left margin. The inside address makes a record on the copy which helps in identification for filing purpose.
5. **Attention line:** Attention line is placed below the attention time and above the salutations and is underlined. It indicates the name of those for whom the letter is meant.
6. **Salutation:** Salutation means to greet the addressee. It is the complementary greeting with which the writer begins his letter. It is written below the inside address or attention line leaving some space. It starts from the left side margin. It may or may not end with comma depending upon the style of the letter.
7. **Subject line:** Subject line tells what the correspondence is about. It is placed just below the salutation line. It usually begins at the left margin and may also begin from the centre. It may contain apart from the subject any specific identification material i.e. date of previous letter, invoice number etc.
8. **Body of the letter:** It is that part of the letter which contains the message to be conveyed. It is the most important part of the letter and usually consists of three to four paragraphs. The first (*or the opening paragraph*) begins the letter and builds up a relationship with the reader. *The second paragraph* contains the proper subject matter. It is the main paragraph of the letter. *The third paragraph* is an extension of the second paragraph.

The fourth (*or the closing paragraph*) brings the letter to an end. It must be natural and logical must be final and complete. Closing with an important statement, a question, an offer or a request leaves the door open for further communication.
9. **Formal Close:** It is also known as subscription. It is merely a polite way of ending a letter. It is written below the last paragraph of the body of the letter, either at the left side or at the right side, depending on the style of letter. The subscription should be corresponding to the salutation.
10. **Signature block/slot:** Signature is the assent of the writer to the subject matter of the letter and is a practical necessity. It is usually hand written and contains the writer's name, status, department, firm etc. Signature is put just below the complementary close.
11. **Enclosures:** Sometimes some documents like price list catalogue etc are attached with the letter. Enclosure mentions the documents which are enclosed or attached with the letter. The enclosures usually find their place at the bottom left margin.

12. **Postscript:** PS as it is commonly known as is something written after the letter is closed. It is usually done when the writer forgets to put in some information or message in the main part. It should be very precise and to the point.
13. **'CC' or Carbon Copy notation:** When copies of the letter are meant to be sent to more than one person it is mentioned under "CC" or carbon copy notation. The names of the person to whom copies are to be sent should be written adjacent to the left margin.
14. **Reference initial:** When typed initials are put it refers to reference initials. These are useful for office checking. They are typed adjacent to the left margin.

Heading	Subodh Engineering 3/56 Industrial Enclave Bhagatpur, Bihar
Date	September, 22 nd 2000
Reference	Reference: Letter No- P-48/7 of sept, 16 th 2000
Attention line	To,
inside address	The financial manager, A/4, Hazrat Ganj, Muradpur
Salutation	Dear Sir,
Subject	Subject: To get an error in the cheque rectified.
Body	Thank you for your letter no. P-48/7 of September 16, 2000. Your cheque no. P4291 of September 15, 2000 is for Rs. 19,595 where as our bill no. KWL 1085 of July 2nd 2000 was for Rs. 19,995. It appears to be a copying mistake, the writer of cheque has written 595 instead of 995. I Therefore request you to send another cheque for the correct amount. I am hereby returning your cheque no. P4291.
Complementary close	Yours Faithfully
Signature	Rajesh Tandon Material Manager,
Identification Mark	BCT/L9
Enclosure	Encl.: 1. Cheque No. P4291 2. copy of bill no. KWL 1085.
PS	My heartiest congratulation on your assuming the independent charge of the department.
Ref. initial	Mr. R. K. Ghospal

48. What are the different forms of a letter?

There are several forms which are used for writing business letters. Choosing a particular form is a matter of individual taste and preference.

The forms used by business organization include the following:-

1. The indented form
 2. The block form
 3. The complete block form
 4. The semi block form
 5. The hanging indented form
1. **The indented Form:** In this form, each new element is indented two to four spaces. In this form usually closed punctuation is used. A specimen of this form is given below:-

Bhaduri Trading Co. Ltd 24/7 Mathura Road Delhi-110001	
12 September, 2003	
To,	The General Manager, Punjab National Bank Delhi – 110014
Dear Sir,	Please refer to your letter No. C-BC/43 of 4 September, 2003. We are grateful that you have agreed to advance a sum of Rs. 20,000 (Rupees Twenty Thousand Only). The terms and conditions you mention are acceptable to us. We shall send our account officer to sign the agreement at 11 a.m. on Monday, 16 September, 2003 as you suggest.
	Yours faithfully A. S. Bhowmick Secretary

2. **The Block Form:** In this form, the date line and the complementary close and the signature with the right margin. All other parts except the body part are aligned with the left margin. Davison between the parts and between paragraphs of the body of the letter are indicated by double spacing whereas there is single spacing within each part and paragraph. In it generally mixed punctuation is used as indicated in the sample below:-

Sourabh Aluminium Corporation 303, Jahangir Road, Ahmedabad - 380003	
10 th September, 2003	
Your reference: Letter No. 43- PA of 4 September Our reference : POC 30 U	
To,	General Manager Rahi Cements Company Limited Sarangpura

3. **The Complete Block Form:** In this form, all parts of the letter are aligned with the left margin except the heading. In this form generally open punctuation is used as shown in this sample:-

Supreme Engineering Works 5/44 Bhagat Singh Marg, Agra 14th September, 2003 To, The Financial Manager National Development Corporation 22 Mahatma Gandhi Road, Bombay - 400055 Dear Sir, Thank you for your letter No TR-43/30008 of 5th September, 2003. Your cheque No. P44387 of 4th September, 20003 is for Rs. 2,000 whereas our bill No. K LW 10057 of 20 August was for Rs. 20,000. I, therefore, hope you will not mind sending another cheque for the balance amount. Yours faithfully R. C. Tanda Material Manager Encl: I. Copy of Bill Ac K LW 10057
--

4. **The Semi Block Form:** This is similar to the block form except that the paragraphs are indented. In this form mixed punctuation is used as shown in the sample:-

Johnson and Company Lushai Hills Silchar - 78800 11th September, 2003 To, Personal Manager Milk food Manufacturers Limited Bhaskar Road, New Delhi-110003
--

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5. **The hanging indented Form:** This form is similar to the block form except that the first line of each paragraph is aligned with the left margin whereas, all other lines in each paragraphs are indented four or five spaces. Its appearance is unusual and may perhaps catch attention quickly. In this form mixed punctuation is used.

Daljeet Industries Limited Bombay Road Gurdaspur - 143521 12 September, 2003 The Purchase officer Sally Exporters Limited 20A, Feroze Shah Marg New Delhi-110030 Dear Sir, We hope by now you have gone through the catalogue of toys we sent you on 28 August, 2003. As you will have seen there are a number of new toys in this year's catalogue. These are meant not only to delight but also to instruct children by demanding them of a high degree of intelligence even while they play. We specially draw your attention to the asterisked items on pages 4 and 7, these are likely to become popular in the countries to which you have been exporting. Kindly let us know your requirement so that we set aside the toys of your choice. On receipt of your order we shall send them to you on the last year's terms and conditions. A copy of the statement showing these is enclosed for your ready reference. Yours faithfully Kulwant Singh (Manager Marketing)
--

CHAPTER 2 BUSINESS COMMUNICATION INTERPERSONAL COMMUNICATION & SKILLS

1. What is the meaning of Interpersonal Skill?

Inter personal skill refers to mental and communicative processes applied during social communication and interactions in order to reach certain results. It is a skill to understand people and their problems, needs and feelings. In business context the term inter personal skill is used to refer to measure a person's ability to operate within business organizations through social communication and interactions.

2. What are the key factors to builds a positive environment in all areas of one's life?

The key factor required to build a positive environment in all areas of one's life are:

1. Interpersonal communication
2. Active listening
3. Critical Thinking
4. Emotional Intelligence.

3. What is interpersonal Communication?

Interpersonal communication is the communication between two or more person. It not only communicates information but also builds up rapport, understanding and close relationship with the other persons.

4. What are the principles of interpersonal communication?

The principles of interpersonal communication are as follows:-

1. **Inescapable:** A person continuously communicates with one another knowingly and even unknowingly. This is because a person communicates not only through words but also through tone of voice, gesture posture and facial expression. Thus communication can not be avoided. It is inescapable.
2. **Irreversible:** Words one spoken can never be taken back. It's impact is permanent. Thus communication is irreversible just like bullets shot out of a gun.
3. **Complicated:** A simple word spoken or a gesture may be wrongly interpreted by another. The involvement of various factors makes communication a complex matter.
4. **Contextual:** Communication cannot take place in isolation. It is always to the context. The various context are:
 - I. **Relational context:** It is concerned with the reaction of speakers and listener to each other.
 - II. **Situational context:** It is considered with the Psycho-social aspect of communication.
 - III. **Environmental context:** It is concerned with the physical aspects such as location, season, time etc.
 - IV. **Cultural context:** It is concerned with the learned behaviour and rules as attitude beliefs and values of speaker and listener.

5. What are the Functions of inter personal communication?

The Functions of Interpersonal communication are:

1. **Gaining Information:** Interpersonal communication provides information and knowledge about other persons. This helps in communicating more effectively with others. Knowing a person helps to predict how he thinks, feels and acts. The information can be gained

- i. By observing them i.e. Passively
 - ii. By having others engage them i.e. Actively
 - iii. By engaging them i.e. Interactively
2. **Building understanding:** Interpersonal communication helps to understand in a better way as to what someone says in a given context. Messages may be understood as
 - i. Context message – meaning of the message
 - ii. Relationship message – how a message is said. Thus words can mean very different depending on how they are said and in what context.
3. **Establishing identity:** Interpersonal communication helps to establish an identity of the person on the basis of relationship and image.
4. **Interpersonal needs:** Interpersonal communication helps to fulfill the interpersonal needs which are as follows
 - i. **Inclusion needs:** The need to establish identity with others.
 - ii. **Control needs:** The need to lead others and prove one's abilities which finds its outlet in a group.
 - iii. **Affection needs:** The need of recognition and developing relationships with members of group.

6. What are the tips for improving interpersonal skills?

The tips for improving interpersonal skills are:-

1. **Broad mindedness:** People must be broad minded to accept and rely on one another to get work done.
2. **There must be a congruency in communication element:** Words spoken should be in congruence, with the other elements of communication like body language, expression, tone and voice modulation etc. this makes the communication effective as it emphasizes truth, sincerity, reliability etc.
3. **Listening effectively:** The process of communication is complete only when the message conveyed by the sender is fully understood by the receiver this effective listening is essential.

7. What are Active Listening?

It is commonly held that hearing and listening are same. But actually it is not. Hearing through ears and listening is by mind. Listening happens when the message conveyed is fully understood by the receiver. Listening is an active process as it requires listening with intensity, empathy, enthusiasm and responsibility.

Advantages:

1. Active listening helps to build a strong relationship.
2. It helps a person to grow in his career.
3. It keeps a person well informed
4. It helps an organization to meet its objectives.

8. What are the guidelines for effective Listening?

1. Avoid distractions and prepare yourself for listening.
2. Maintain eye contact with the person.

3. Take keen interest in what the person is speaking.
4. Keep your mind active. Take notes.
5. Observe the elements of communication i.e. body language, movement, facial expression, tone and modulation of voice.
6. Avoid whispering, yawning.
7. Be aware of your feelings.
8. Think critically. It prevents your judgment to be biased.
9. Restate what the speaker said to make sure you have understood the content of the matter spoken.
10. In case of doubt get it clarified by asking question. However avoid frequent questioning as it disturbs the speaker.

9. What is Critical Thinking?

Critical thinking means questioning logically every step of thinking process. In critical thinking a person uses rigorously and skillfully the information, experience observation and reasoning to guide his decisions, actions and beliefs.

The questions generally raised are:

1. Are all the facts considered?
2. Are all the assumptions tested?
3. Is the reasoning sound?
4. Is the judgment unbiased?
5. Is the thinking logical and complete?

Advantage of Critical Thinking:

1. It brings rigour and discipline to the thinking process.
2. It helps in making good judgment, choices and decision in all areas of life.

10. What are the skills to be developed for Critical Thinking?

1. **Skills to analyse cause and effect:** One must be able to separate the cause and its effect for clear understanding.
2. **Skills to classify and sequence:** One must be able to sort out similar items and group them according to similar characteristics.
3. **Skills to compare and contract:** one must be able to find out the difference and similarities in the items.
4. **Skills to infer:** One must be able to interpret rationally and logically come to a decision
5. **Skills to evaluate:** One must be able to evaluate available options to choose one among them.
6. **Skills to observe:** One must have a strong observation power to understand the minutest details of what actually happening.
7. **Skills to predict:** One must be able to look into future to determine and analyse trend.
8. **Skills to rationalize:** One must be able to apply laws induction, deduction and analogy to judge and determine the merits and demerits of an argument.
9. **Skills to prioritize:** One must be able to determine the importance of an event and sequence them like wise.
10. **Skills to summerise:** One must be able to sum up the main theme of the event and present a brief report on it.
11. **Skills to synthesise:** One must be able to deduce new possibilities from the information available.

11. What are the Qualities of a Critical Thinker?

1. **Broad minded:-** A critical thinker is always willing to accept new ideas and respects the views of others.
2. **Well informed:** A critical thinker keeps himself well informed by collecting facts and data of the events happening.
3. **Experimental:** A Critical thinker is experimental. He analyses the cause and effects and creates situations to experiment with his theories to find out works in a particular situation.

4. **Contextual:** A critical thinker always analyses and thinks in the appropriate context. He never indulges in facts irrelevant.
5. **Reserved in making conclusion:** A Critical Thinker takes his decision in haste. He knows when a conclusion in fact in when it is not.

12. What is Emotional Intelligence?

According to Daniel Goleman, Emotional intelligence (EI) means the capacity to recognize one's feelings and those of others for motivating one self, and for managing emotions well in oneself and in one's relationship.

Feature:

1. EI is a rare skill and includes
 - (i) Reigning emotional impulses
 - (ii) Reading another person's innermost feelings
 - (iii) Handling relationships smoothly.
2. EI operates at three levels
 - (i) With one self (personal Mastery)
 - (ii) With other (one to one)
 - (iii) Within group (one to all)
3. EI is measured by Emotional Quotient (EQ)
4. EI helps in building a positive relationship and ability to lauded stress at work.
5. EI though acquired at berth can be structured and strengthened throughout life.

13. What are the competencies associated with Emotional Intelligence?

The competencies associated with emotional intelligence are:

I. Personal competence:

Personal competence is the capacity to manage one self. It requires

- (i) **Self Awareness:** Self awareness is reading one's own emotions and recognizing its impact for which 'gulsence' is to be used to guide decision.
- (ii) **Accurate self assessment:** Self assessment means knowing one's own strengths and weaknesses.
- (iii) **Self confidence:** Self confidence is recognition of one's self worth and capacities.
- (iv) **Emotional self control:** Self control is the ability to keep one's feelings and emotions under control.
- (v) **Transparency:** Transparency is to be honest in all dealings.
- (vi) **Adaptability:** Adaptability is the ability to adjust according to the changing situation.
- (vii) **Achievement:** Achievement is the ability to strive for better result or better performance.
- (viii) **Initiative:** Initiative is the ability to be spontaneous in grabbing opportunities that come in way.
- (ix) **Optimum:** Optimum is the ability to precise the positive aspects of an event.

II. Social Competence: Social competence is the capacity to manage relationship

A. Social awareness:

- (i) **Empathy:** Empathy is to take keen interest in others. It is to understand other's emotions and perspective.
- (ii) **Organizational awareness:** Organisational awareness is to keep oneself abreast about the happenings in the organization.
- (iii) **Service:** Service is to serve others i.e. fulfill or cater to the needs of the subordinate, superior, clients, customers etc. in an organization.

B. Relationship Management:

- (i) **Inspirational leadership:** Inspirational leadership implies leading guiding and motivating with a vision.
- (ii) **Influence:** To influence is to persuade some one by using a range of tactics.
- (iii) **Developing others:** It is to develop the capacities of a person through coaching, feed back, training and guiding.
- (iv) **Change catalyst:** Change catalyst is to take initiative for a change and managing the same and involving and leading others.
- (v) **Conflict management:** Conflict management is to resolve conflicts and bringing conflicting minds together.
- (vi) **Building bonds:** Building bonds is to cultivate relationship and maintaining them.
- (vii) **Team work and collaboration:** Team work and collaboration implies to build a team to work in union with mutual co-operation.

14. What is Emotional Quotient?

Emotional intelligence is measured through emotional quotient (EQ). it is designed to measure a number of constructs related to EI. It is the ability to make and deepen connections at 3 levels.

- (i) With one self (personal Mastery)
- (ii) With other (one to one)
- (iii) Within group (one to all)

How we manage our emotions and the way we relate to other determines how successful and satisfied we are thus a large part of success in our life depends on our EQ. Often low very often persons with low IQ but high EQ are much more successful than person with high IQ but low EQ.

CHAPTER 3 GROUP DYNAMICS

1. What is a group?

A group is a unit of two or more persons who work together to achieve a goal. The members of a group interact with one another in face to face relationships over a period of time. Thus a group may be defined as a collection of two or more persons who have a common goal and interact with each other to accomplish the goal. A group is however different from a mere aggregate of persons. In order to be called a group, an aggregate of persons must satisfy the following conditions:-

1. They must have a common seal.
2. They must interact with one another to pursue the common goal.
3. They should perceive themselves to be a group.

Thus a team is a unit whose members share a mission and the responsibility for working to achieve it.

2. What are the characteristics of a Group?

As every individual has a personality of his/ her own so also a group acquires a personality over a period of time. Group personality is characterized by the following features:-

1. **Spirit of conformity:** Every group establishes certain norms of behaviour. The members of the group tend to comply with these norms in order to gain recognition. They adjust themselves by conforming to the accepted standards of their group relationships.
2. **Respect for group values:** Every group develops and tries to maintain certain values and ideals making it different from other groups. In order to deal with the group effectively it is essential to understand the group values.
3. **Collective power:** An individual alone is powerless. A group is always more powerful than individuals. The groups as a whole rule over individuals. An odd member can never have a say in the group. A group is a collective power.
4. **Group prejudice.** Just as individuals have their prejudices so also groups have their own prejudices. A person's prejudices tend to become stronger when he interacts with other members of the group with similar prejudices.
5. **Resistance to change:** A group may bring about its own changes. However a group opposes changes which are likely to threaten its unity and norms.

3. What is Group Dynamics?

A group is a unit of two or more persons who work together to achieve a goal. The members of a group interact with one another in face to face relationships over a period of time. Thus a group may be defined as a collection of two or more persons who have a common goal and interact with each other to accomplish the goal.

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The interactions and relationships between members of a group are called group dynamics. Interaction among the group members is the core of group dynamics. A group becomes defunct without communication. Group dynamics is thus concerned with the interactions between members of a group in face to face relationships.

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4. What are the advantages and disadvantages of a Group?

Advantages of a Group:

1. **Equipped with complete information:** An individual can never have the same volume of knowledge and information that a group possesses due to the presence of many individuals. A group thus has the advantage of getting equipped with wide variety of information.
2. **Equipped with diversity of views and information:** A group consists of many individual who have advantage of diversity of views. It has thus many approaches and alternatives to consider.
3. **Encourage innovative thinking:** In a group when group discussion takes place it makes the members to come up with fresh ideas. It thus encourages innovative thinking.
4. **Decisions are more acceptable when taken by group:** When group members participate with management and take collective decisions, these are acceptable to others also. In this way decisions get more support when taken by group.
5. **Encourage democratization:** Group decision making in itself is democratic in nature. Automatically it increases the legitimacy of its decision.
6. **Benefits of expert opinion:** Group being an association of many members it is quite possible to have experts among them. In this way a groups gets the added benefits of expert opinion coming from group members.
7. **Draws out latent talent of the members:** Many a times a member who otherwise is silent comes forward or is encouraged to pour out his talent as he feels free in the group. A group thus draws out latent talent of the members.
8. **Safeguards the interest of members:** An individual, when in group, feels secure. His interests, needs and aspires are often looked after well by a group.
9. **Employer employee relation improves:** When members of a group actively participate in management, decisions or organizational decisions, their interests are secure. They become more loyal to the organization and the employer employee relationship improves.
10. **Strengthens the organization:** All the above mentioned factors together work towards employee relationship improves.

Disadvantages of a Group:

1. **Time consuming:** Group decisions are time taking. It takes a long time in contacting the members, collecting them and making there come out with ideas.
2. **Difficult to assign responsibility:** When the results are undesirable it becomes difficult to fix responsibilities due to decisions taken unanimously.
3. **Unhealthy groupism:** Very often a group is dominated by a few members. This leads to the formation of a groupism. Within the group this unhealthy groupism is detrimental to the health of the organization.
4. **Difficult to maintain standard:** Although groups establish their norms if often becomes difficult to maintain the norms due to the presence of a wide variety of people.
5. **Uneconomical:** Due to wastage of time, Non-Hour, money groups tend to be uneconomical.
6. **Hidden agenda:** Sometimes team members may have a hidden agenda i.e. private motive that may affect the group interactions.

5. What are the main types of groups in an organization?

The main groups in an organization are as follows:

1. **Self directed group:** It consists of autonomous and self regulated groups of employees who have authority to take decisions.
2. **Quality circles:** It consists of a group of employees of save department who meet at regular interval to discuss quality problems, investigate causes, recommend solutions and take corrective action. Thus they perform quality control activities for their own work areas.
3. **Committees:** A committee is a group appointed by the organization which meets to investigate a problem and, later to formulate its report and recommendations.

There are various kinds of committee:

- (i) Standing committee
- (ii) Executive committee
- (iii) Advisory committee
- (iv) Ad-hoc committee

A **standing committee** is a permanent empowered and entrusted to take management decisions.

An **Executive committee** is a committee constituted by executive members of an organization to take decisions for management.

An **Advisory Committee** consists of persons specialized in a particular field or fields. The members of such committee are elected from amongst the members of an organization at an Annual General Meeting. Its power is laid down by the parent body and its functions relate to broad organizational goals.

An **Ad-Hoc committee** is a committee of temporary nature. It is constituted for a very short period. It is constituted for a particular purpose and is dissolved soon after the fulfillment of the purpose.

- 4. **Task Forces:** Task Force groups are usually found in government organization to deal in specific administrative problems. Their structure is almost same as committee but is temporary in nature. It has however wide power to take action and fix responsibility.

6. What team Roles are played by the members of a team?

The team roles can be classified as below:

- 1. **Self oriented Roles:** The roles which members play to fulfill their personal needs are known as self oriented roles.
- 2. **Team maintenance role:** The roles played by team members to help all the members to work together in harmony are known as team maintenance roles.
- 3. **Task facilitating roles:** The roles played by team members which help in accomplishment of the team goals is known as task facilitating roles.

7. Who is a leader? What is his role?

Leadership is an important attribute for the development of an organization that set apart successful organization from an unsuccessful organization. Without leadership, an organization is simply a mass of man, machine and materials.

Leadership is the personal quality of an individual who organizes the efforts of the followers and directs their activities towards the attainment of influencing the activities of an individual or a group in efforts towards goal achievement in a given situation.

According to George R Terry, "*Leadership is the activity of influencing people to strive willingly for group objectives.*"

Characteristics:

- (i) Leadership is basically personal quality. This quality motivates the individuals to be with leaders.
- (ii) Leader, by exercising his leadership, tries to influence the behaviour of individuals around him to fulfill certain pre-determined objectives.
- (iii) It tries to influence the individual to behave in a particular way.
- (iv) There is a relationship between leader and followers which arises out of functioning for common goals.
- (v) Leadership is a continuous process of influencing behaviour.
- (vi) Leadership is exercised in a particular situation. The situation variables also affect the effectiveness of leadership.

Role:

- 1. **Motivating employees:** A dynamic leader breathes life into group and makes people eager to work towards the achievement of group goals.

2. **Moral building:** Good leadership is indispensable to high employee morale. The leader lifts a man's vision to higher sights, raises his attitude of group and maintains discipline.
3. **Creating confidence:** Self confidence and enthusiasm is created among the followers by an effective leader. He provides advice and guidance by which subordinates can recognize their quality and capacity.
4. **Coordination:** leadership helps to maintain coordination among the different levels of subordinates.

8. What is organizational Conflict?

The word conflict conveys different meaning to different people. It may be regarded as disagreement, coordination, hostility of incompatibility between individuals or the groups in the organization. It expresses the sense of controversy, strife, battle, clash etc.

Definition: According to **S.P. Robbins**, *"Conflicts is a process in which an effort is purposefully made by one person or unit to block another that results trying in frustrating the attainment of, the other's goals or the furthering his interest."*

According to **David L. Austin**, *"it can be defined as a disagreement between two or more individuals or groups, with each individuals or group trying to gain acceptance of its view or objectives over other."*

Features of the conflicts:

1. **Divergent perceptions:** Different individuals and groups have different goals, values, and interest which are mutually exclusive and incomplete. Conflict arises out of this diversity of perception.
2. **Deliberate behaviour:** When a party deliberately behaves in manner to strengthen his interest of disrupting the functioning of the other, the conflict is felt as the behaviour is not just accidental.
3. **Conflict differs from competition:** Although competition is a cause of conflict, yet they are not the one and the same things. In conflict one party tries to thwart the opportunity of the other, while in competition both the parties try to serve their own ends without frustrating the efforts of the opposite party.
4. **Insistence on their stands:** When two parties having different perceptions insist on their own view points, rationally or irrationally the conflicts arise.
5. **Implied or expressed:** The conflict may be latent or overt. While latent conflict disturbs the psychology of the man and becomes a grievance, the overt conflict is expressed by words or behaviour and generally called a conflict.

9. What are the causes of Conflicts?

Following are the causes of conflict:

1. **Ambiguity of role:** when the organization authority, duty and responsibility have not been properly defined and delegated to the individuals, the conflict will arise due to ambiguity of role. Similarly, the policies lack uniformity, procedures are faulty and rules are unproductive, conflict will arise to divergent attitudes and behaviours of the seniors.
2. **Multiplicity of roles:** Multiplicity of roles also lead to role conflicts when individuals find that either they cannot faithfully discharge all such duties or cannot execute them simultaneously.
3. **Adverse consequences:** when a person perceives that his expected role will bring adverse consequences for him, but he is forced to do it by his boss or peers, he faces a conflict within and becomes hesitant or reluctant to perform the role.
4. **Perception differences:** Personality differences also result in differences of perceptions. No two people understand a problem alike, attach similar same incentives. These perceptions differ because of difference in socio cultural backgrounds, power status, economic status, level of education and training, internal psychological forces and other differences. Any maladjustment may lead to inter personal conflicts.
5. **Power and position differences:** Organisations are political systems where power and positions are also conflicts.
6. **Divergent role expectations:** when an individual is expected to play his role differently by his boss and by his subordinates, or by different group of people having different values, goals and interest, he faces a serious internal conflict. He does not want to displease his boss, nor to his peers and subordinates. The boss may compel him not to join strike, while his colleagues are pressurizing him to do so, and what not to do serious predicament in his mind as to, what to do what not to do.
7. **Lack of unity of command and direction:** When an individual receives divergent instructions from various sources of authority, there arises conflict within him. This is called inter sender role conflict.
8. **Personality differences:** people in the organisations hail from different back grounds, have different values and perceptions, varying need and different attitudes. The organization assumes their functioning together, inter personal actions. Some people are by nature optimists while others pessimist; some are extrovert and others introvert, some are active and others lethargic. Under these conditions perfect adjustment and harmony in the organisations is beyond the question. Any maladjustment to pull together may become a cause of conflict.
9. **Contradiction in his perceived and expected role behaviour:** When a person faces a predicament or contradiction between his cherished values and attitudes and those of which are expected of him by cherished values and attitudes and those of which are expected of him by his boss, peers and subordinates. The superior in the organization expects him to bring some illegal money by taking bribe or adopting corrupt practices, but the subordinate does not want to do so for fear of god, society, law or due to his perceived value of life.

10. **Resource constraints:** When an individual is expected to show a particular role behaviour, but that is not possible due to inadequate authority, power or resources made available to him. Constraints of time, cost, authority and resources are most common reasons for intra personal conflicts.
11. **Values and interest difference:** People attach different importance to different values. The factory engineer may emphasise, on quality of the product, whereas cost accountant be adamant on lower cost. Because their values system are different varying needs and interests of the individuals clash with each other and become the sources of conflict.

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10. What are the consequences of conflict?

The consequences of conflict are as follows:

Advantage: Conflicts play many positive roles in the organisations. An organization devoid of conflicts would lack excitement, diversity and viability. Conflicts bring competition, innovations and changes. They prevent stagnation and stimulate interest and curiosity. The advantages can be summarised as follows:

1. **Stimulate changes:** Conflicts help in identifying and clarifying the issues and stimulating the efforts to resolve them by readjusting ways and means.
2. **Promote creativity and innovation:** Conflicts lead to interactions and restrictions over issues and thoughts. People become more creative and imaginative when they are comforted with conflicts and challenges. They provide an opportunity to learn and develop analytical and critical skills.
3. **Encourage collective thinking:** Conflicts highlights disagreements over goals, resources and decisions. Conflicts stimulate group thinking and discussions. They pull out collective wisdom.
4. **Establish group cohesion:** Inter group conflicts drive the members of a group to come closer and fight the opposite party unitedly. They also provide an opportunity to the people in the organization to blow off their anger, tensions and misapprehensions. They, thus, help in establishing lasting unity and harmony.

Disadvantages: conflicts can also play a negative role resulting in harmful consequences. The negative roles can be summarised as follows:-

1. **Cause wastage of human energy:** Conflict ridden employees waste their time and energy in preparing the strategies of letting down the other party on in winning the personal battle. In extreme cases, people resort to sabotaging and deliberate destructive activities. This causes innumerable loss to the organizational efficiency, health and climate.
2. **Prevent growth and innovation:** Conflicts do not allow its executives and people to think coolly and introduce changes. As a result, organization becomes static and stagnant.
3. **Create tensions and hostility:** Organisational conflicts generate the feelings of destruct and hostility. They make people tense, suspicious and frustrated. As a result, moral of the people goes down, performance level deteriorates and inter personal relations do not remain cordial in the organisation.
4. **Cause work disruptions:** In the hostile atmosphere, the routine work of the organization gets delayed and disrupted. Chaos and disorder prevail and morale of the people goes down.

11. What are the mechanisms of Conflict Management?

Management of Conflict: Organisational conflicts are not necessarily bad. They may be constructive or destructive for the organization. Hence, conflicts which are conducive to the organization should be stimulated while those likely to yield negative results should be suppressed, avoided or resolved:

1. **Conflicts stimulating techniques:** Constructive conflicts bring healthy competition, attacks, lethargy and stagnation and sets in new ideas and innovations. Conflicts should be stimulated when people have become passive, lack disagreement and accept every thing without resistance and the organization needs activity and novelty to face new challenges. The following are some important stimulating strategies as suggested by S.P. Robbins:-
 - i. **Communication:** Managers can stimulate conflicts by manipulating facts. Ambiguous or threatening messages encourage conflict. Intelligently planted rumours through grapevine can also be used to stimulate conflicts.
 - ii. **Restructuring organization:** Careful surfing in the organization structure, i.e. department, authority relations, duties responsibilities, resources, etc. may also create organizational conflicts, leading to innovations.
 - iii. **Bringing in outsiders:** In organization which has become stagnant, a conflict may be introduced by bringing I new people whose backgrounds, attitudes, values and managerial styles are significantly different. Their innovative ideas, divergent, opinions, demonstration of new styles and techniques will shake up the organization and break its status quo.

- iv. **Promoting Competition:** Encouraging competition among people is also an excellent device for constructive conflicts. Introduction of productive linked bonus schemes, incentive plans and prestigious awards may encourage competitive spirit among people and which may lead to better efficiency and performance.
2. **Conflict resolution Techniques:** Conflicts which are likely to produce adverse effects on the organization must be resolved. Some useful strategies in the connection have been suggested as follows:
 - i. **Persuasion:** Both the parties may be persuaded by some influential persons to arrive at an amicable solution over a conflicting issue. Mediation is a good means for resolving inter personal conflicts in the organization. However, the mediator may initiate discussions and keep on parties talking and persuading for a mutual agreement.
 - ii. **Reduction in inter dependence:** Mutual dependence and sharing of organizational resources create many occasions for disagreement and conflict. As such, reduction in interdependence of individuals and group may also reduce the chances of resources to each department, standard rules and procedures and, such other measures, may reduce inter dependency and subjectivity which become the cause of conflict. However, it is beyond imagination to think elimination of inter dependency for obvious reasons.
 - iii. **Dominance through power:** Use of authority and power by the management to prevent or resolve a conflict between organizational people and groups is very widely used technique. Quite often managers have to use their position and power to set the trouble makers right. Conflicting parties are told to maintain clam, composure and dignity while on the job. They are also asked to behave in a proper manner or suffer disciplinary action. Organizational authority, by and large, is accepted by the people as a part of their social culture. However, dominance approach seldom brings lasting peace. This suppresses the conflicts and subsequently they arise in a more violent form.
 - iv. **Identifying common enemy:** In the words of Bouding, "A strong enemy is a greate unifying force. In the face of common threat and overriding common purpose of victory or survival the conflicting claims of the group fall into the back ground and are swallowed up into single measurable, overriding end of winding conflict." This technique can serve the purpose only in emergencies.
 - v. **Rotation of work:** Rotation of the people within an organization or department over different jobs help in reducing conflicts. It widens their vision and information. Role reversal (empathy) helps people in shaking up their narrow perceptive, departmental loyalties and misunderstandings created by the organizational boundaries. People try to understand the problem from opposite party's view point.
 - vi. **Grievance handling procedure:** Many intra individual and inter personal conflicts may be resolved by establishing a well organized grievance procedure to identify and remove the grievances of the people. If the grievance is not removed at the lower level, the employee should be given an opportunity to approach and appeal to the higher authorities for redressal of his grievance or conflict.

12. What is Consensus Building?

Consensus means agreement by all. When all the members of a group agree to the same subject matter at the same time in the same sense then there is achieved through good faith, keeping in view the benefits of all techniques to build consensus.

In order to build consensus among the team members following techniques can be followed.

1. **Problem solving approach:** Whenever some problems arise it should be sort out through problem solving the constructive orientation.
2. **Active listening:** To ensure that messages are received as intended every member of the group should listen actively.
3. **Flexible Attitude:** A flexible attitude should be adopted by the members in order to arrive ate a consensus. The golden rule should be to disagree without being disagreeable.
4. **Maximum Transparency:** In order to build consensus every aspect should be clear to the members. The mandate agenda, proposals, decision rules etc. should be as transparent as possible.

13. What is negotiation?

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Negotiation is a bargaining process where by two or more parties at discusses and arrives at mutually agreeable decision. It is a give and take process where both the parties feel satisfied at the out come of the deal. It is a two way process and requires active participation from both the parties.

Examples:- A salesman settling price with the prospective buyer.

Features of Negotiation

1. There should be at least two parties.
2. The parties should be willing to discuss out the matter
3. Both the parties should have predetermined goals and should be interested in the deal.
4. The parties should have a flexible attitude.
5. The decision arrived at should be beneficial to both the parties.

Approach of Negotiation process:

1. **Win orientation:** In this one party wins and other losses in the deal. It is usually taken up by competitive communicators. it thus produces both winners as well as losers, where the gain of one party is matched by loss of the other.
2. **Loss-loss orientation:** In this situation both the parties disagree to such degree that they end up in discarding the deal. Thus both the parties are losers. At the beginning the parties however do not have this end in mind but the conflict between them forces the either or both party to abandon the deal.
3. **Compromise:** Sometimes in order to avoid a lose-lose situation both the parties find in profitable to compromise rather than quitting the deal. Thus in situation of lose-lose compromise comes out as the best possible alternative.
4. **Win-win orientation:** under this such a deal is struck between parties whereby both the parties' needs are satisfied. It looks beyond the conflicts and focuses on satisfying both the parties. Thus both the parties emerge out as winners.

14. What are the basic rules of Negotiation?

The basic rules of negotiation are as follows:

1. **Objective:** To try to understand one's own as well as other party's
 - i. Perceptions
 - ii. Style of negotiation
 - iii. Goals and interest
 - iv. Interest in the deal.
2. **Planning:** One has to actually plan the negotiation so at to determine.
 - i. Expectations from the negotiation
 - ii. Terms of negotiation
 - iii. Non negotiable terms
 - iv. Degree of flexibility
 - v. Negotiation strategy
3. **Selection of technique:**
 - i. Ask information to clarify the position of the other party.
 - ii. Reformulate the proposal.
 - iii. Offer alternative without changing the terms and conditions.
 - iv. The final agreement should be finalized before closing the negotiation.
4. **Process:**
 - i. Be accommodating avoid unnecessary conflicts.
 - ii. Be sensitive and adaptive in changing situation
 - iii. Communicate effective by a good and active listener.

15. What are the steps in the process of Negotiation?

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The steps in negotiation process are as follows:

1. Preparing:

- i. Get prepared by setting the objectives of negotiation
- ii. Determine the limits within which to negotiate.
- iii. Priorities your objective under like, intend and must.
- iv. Assess the relative strength and weakness of the parties.
- v. Prepare the checklist for preparation and collect relevant data.

2. Arguing:

This is the actual process of negotiation

- i. Both the parties put forward their expectation before each other.
- ii. The aim is to forcefully inform the other parties of the logic and strength of one's stand.
- iii. Both the parties should listen and understand each other's stand.
- iv. Negotiation tends to fail when parties get hostile. Hence the parties should adopt a flexible approach.

3. Signaling:

This process begins somewhere during the arguing process. It usually occurs when the parties are aware of the deadlock and are in a mood to break the deadlock, when signaling would occur.

The parties should be alert of the following aspects;

- i. Signals made by each party, to indicate his willingness to move,
- ii. Re-wording of the proposals.
- iii. Reasons/causes for the opponent's stonewalling approach.
- iv. Any signs of movement in the argument.

4. Proposing:

This decisive phase is the settlement of arguments, when based on some signals, one party proposes for a possible solution. It is a gesture to overcome arguments, because arguments cannot be negotiated in this phase proposals advance negotiations and proposals seize the initiative.

5. Packaging:

This phase involves considering various proposals that appeared and an overall suggested solution for consideration of the other party. It identifies the opponent's inhibitions, objectives, priorities etc. it reviews the opponent's and own objectives by doing a fresh L.I.M. (Like Intend Must) analysis, indicates enough movement to produce a package. It addresses the package to meet some/ all of the opponent's inhibitions.

6. Bargaining:

Negotiating is a bargain to a third person as a spectator. But for a negotiator this phase will be successful only if the basics have been done. The following principles apply –

- i. Everything must be conditional
- ii. Decide in advance what we require in exchange for the concessions.
- iii. List and place one's own conditions before the other party.
- iv. If the signal is reciprocated, present proposals re stating the conditions.
- v. Be ready to bring back into contention any previously settled issues, if we need negotiating room under pressure of opposition on a point.

7. Closing And Agreeing:

Closing means ending the bargaining and reaching a stage where we force the opponent to make decision on agreeing or otherwise. It refers to our response to the opponent close. The following aspects are considered

- i. Where and when do we intend to stop trading?
- ii. Is the whole proposal credible?

- iii. What other close could we use?
- iv. Are we serious or is it a bluff?
- v. List the agreement in detail.
- vi. List the points of explanation, and understanding.
- vii. If the agreement is oral, send a written note to the other party of what we believe was agreed.

16. What is influence?

Influence is a respectable way to change other people's actions.

Influence process consisting of:

- i. A set of skills including body language.
- ii. A set of attitudes including confidence, trust and belief in win win result.
- iii. An orientation to be focused on others rather than being self focused
- iv. Proactive leadership.

17. What is Persuasion?

Persuasion is an aspect of influence. Persuasion is a direct communication in which benefits are stated in a reasoned arguments and competent views dealt with, in a respectful manner.

The principles of persuasion are:

- i. Honour and respect.
- ii. Understanding the other person's frame of reference.

CHAPTER 4 COMMUNICATION ETHICS

1. What is Ethical Communication?

Ethics are the moral principles and norms which provides guidelines to the conduct of the individuals. These moral principles and norms are applicable to communication also. Ethical communication means to a pattern of communication with a sense of responsibility in it. The golden rule of ethics that is 'do into others as you would have them do unto you' applies to communication also. This happens when one is honest in his communication with his employer, employees, clients and others.

Components of Ethics Communication

Ethical communication enhances and encourages

- (i) Fairness of the content of matter
- (ii) Truthfulness of the contents of matter communicated
- (iii) Freedom of expression
- (iv) Tolerance towards others
- (v) Respect for other's views
- (vi) Responsibility of words spoken.

Attributers of features of ethical communication: The message communicated both internally as well as externally is:

- (i) **Complete** i.e. contains all relevant information
- (ii) **True** i.e. non deception in any way
- (iii) **Accurate and sincere** i.e. avoids exaggeration of facts or manipulation
- (iv) **Fair** i.e. reveals both positive and negative information as and when required
- (v) **Not manipulative** i.e. does not state opinions as facts
- (vi) **All pervasive** i.e. can also portray graphic date fairly.

Requirement of ethical communication: Ethical communication requires the following for communicating the message

- (i) Transparency
- (ii) Objectivity
- (iii) Truthfulness
- (iv) Critical thinking and approach
- (v) Taking responsibility for individual and group action.

2. What are the factors influencing ethical communication?

1. Ethical Aspects:

- (i) **Speaking related to or organization value:** A sender of message or a communicator communicating information to others is after faced with a conflict as to what to disclose and what not to disclose. Here, he is guided by the organizational values. The organizational values are reflected in the vision and Mission statement of the organization.
- (ii) **Timing:** Time plays a crucial role in deciding whether a piece of communication is ethical or unethical. This is because information to be communicated which is ethical at a point of time may be unethical at other point of time. For example matters to be disclosed in AGM if communicated or spread before the AGM would amount to leakage of information and hence unethical.
- (iii) **Mode of Communication:**
 - a) The message can be communicated through words spoken, written and through body language. While sending information feelings motives ethical elements are to be kept in mind.
 - b) The receiver of the message on the other hand may choose to listen or remain listening means to take moral stand to listen or to merely hear. The safest way to avoid ethical dilemmas is to remain silent. However sometimes silence means consent or tacit agreement.

2. **Ethical context:** Ethical communication depends upon the context with respect to who, what, when and where. It is important as to who is speaking?

To whom?

What?

And

Where he is speaking?

All these dimensions should be dealt with together so as to constitute or ethical communication.

3. **What are the Ethical dilemmas in communication?**

The common dilemmas in communication are as follows:

1. **Secrecy:**

- (i) The biggest dilemma is to decide what is to be kept secret from the insiders and outsiders
- (ii) The decision regarding the secrecy to be maintained should be based on the organizational values and principles.
- (iii) Although maintaining a certain degree of secrecy is the legitimate need however it should be kept in mind that too much secrecy leads to lack of innovation.

2. **Needless whistle blowing:**

- (i) Whistle blowers are the employees who out of greed, Jealousy or revenge motive informs the public about corporate negligence.
- (ii) Although the society has the right to know the potential hazards yet they should be aware of the ill motive of the whistle blowers.

3. **Leakage:**

- (i) Leakage is whistle blowing without disclosing one's identity.
- (ii) Similar to whistle blowing it is unethical on the part of employees to leak information vital for the organization.
- (iii) Organizations suffer severe loss due to leakage.

4. **Rumours and gossips:**

- (i) Rumours focus on events and gossips focus on people
- (ii) Both affect the management judgement as they are unconfirmed piece of information
- (iii) Decisions based on rumours and gossips tend to be biased than being rational.

5. **Lying:**

- (i) Lies are the false statement which deceives others.
- (ii) It is used to avoid pressure and other ethical dilemmas.
- (iii) It shatters the bond of trust between people
- (iv) It shakes the very foundation of ethical communication.

6. **Euphemism:**

- (i) Euphemism means using an expression which is less offensive than the actual one.
- (ii) It somewhat distorts the meaning of the message.
- (iii) It is used to hide the real truth and thus unethical.

7. **Ambiguity:**

- (i) Words when used in an ambiguous way can influence others behaviors.
- (ii) Deliberate use of vague words to affect the expectations of others is unethical.
- (iii) Hence one should be very careful while choosing words so that his message is not misinterpreted.

4. **What are the guidelines for handling communication dilemmas?**

Ethical dilemmas to be resolved require evaluations and judgment about:

- (i) What is right and wrong
- (ii) What is fair or unfair

(iii) What is harmful or harmless

Thus one needs critical thinking skill, empathy, social skill etc for ethical communication for this there are two basic guidelines

1. Legal consideration
2. Moral consideration

1. Legal Consideration is one has to obey law. Doing things against the law is illegal and hence unethical
2. Moral consideration is helpful as one has to rely on one's intent. A piece of information however true will be unethical if the intent is dishonest some guidelines in this regard are

(i) Maintaining Candour:

- a. Candour refers to one's truthfulness, honesty and frankness while communicating with others
- b. One should maintain the candour but keep in mind not to disclose everything while communicating certain amount of secrecy should be maintained.

(ii) Keeping messages accurate:

- a. Ethical communicators do not distort the message
- b. Accurate messages should be communicated without any addition or deletion of text.

(iii) Avoiding deception:

- a. Message should not deceive others
- b. Ethical communicators avoid deception, fabrication and withholding information.

(iv) Behaving consistency:

- a. One should practice what one preaches i.e. abide by his words.
- b. Ethical communicators ensure that their action matches their words.

(v) Maintain trust:

- a. Ethical communicators talk only when required
- b. They maintain the trust by not passing on the information to others.

(vi) Ensure timeliness of communication:

- a. Timing plays a crucial role in determining whether an act is ethical or unethical.
- b. Unnecessary delay in communication or before time delivery of information may prove to be unethical.

(vii) Intolerance for unethical behavior:

- a. Ethical communicators do not tolerate unethical behavior.
- b. They make it clear to others that their tolerance for unethical behavior is low.

5. What is the advantage of ethical communication?

1. **Ensures success:** ethical communication ensures long term business success and profit. Hence it emphasizes shareholder value
2. **Increased integrity:** Ethical communication ensures integrity of the employees as they prefer to work in organization with high ethical standards.
3. **Perpetual competence:** Since competent people move to organization with high ethical standard other employees benefit through their competences.
4. **Goodwill increases:** Organizations which practice ethical communication have high reputation and goodwill
5. **Human dignity:** Ethical communication emphasizes human dignity by inculcating qualities embedded in ethical communication.

CHAPTER 5 COMMUNICATING CORPORATE CULTURE, CHANGE AND INNOVATIVE SPIRIT

1. What is culture?

Culture is the way people line, think and act. It is defined as a set of habits, customs, beliefs, values that influence people. It is a collection of attitudes and values which shape our perception. A message may be interpreted differently by different people belonging to different cultures. Thus each culture is somewhat different from others.

2. What is corporate culture?

Corporate culture is described as the personality of an organization. It speaks about how the employees think and feel and responds in an organization. It also tells as to how things are done in the organization.

Corporate culture includes:

- (i) Core values
- (ii) Beliefs
- (iii) Corporate ethics
- (iv) Rules of behavior norms, which control the way people interact with each other in an organization.

Elements of Corporate Culture:

- (i) **The paradigm:** It defines the vision, mission and values of an organization.
- (ii) **Control system:** it defines the processes of monitoring activities and performance.
- (iii) **Organizational structure:** It defines the hierarchies, reporting times and flow of work in an organization.
- (iv) **Power structure:** It defines the way the authority is distributed along the organization.
- (v) **Symbols:** It specifies the company logo, designs status symbols etc.
- (vi) **Rituals and routines:** It defines the way in which management meetings are to be conducted and reports circulated.
- (vii) **Stories and myths:** These convey messages related to values of the organization to the outside.

3. What are organizational changes?

Organizational change refers to organization wide change which is a fundamental and radical re-orientation of the way an organization operates. It affects the entire organization and often goes against the values held by members in the organization.

Examples:

- (i) Change in goals and objectives
- (ii) Change in technology
- (iii) Mergers collaborations, acquisition
- (iv) Re-engineering

Features:

- (i) It is initiated by top management
- (ii) It is proactive in nature
- (iii) It is designed to improve the functioning and performance of the organization.
- (iv) It is an outcome of stimuli from inside and outside the organization
- (v) It is an attempt towards altering the status quo.

4. Why do Employees resist change?

1. **Uncertainty:** Employees fear the unknown and uncertainty situations trigger anxiety and thus they resist.
2. **Insecurity:** Employees resist due to fear of personal loss of
 - Security
 - Responsibility status
 - Money freedom
 - Authority satisfaction etc.
3. **Failure to understand the need for change:** Employees do not usually want a change in the way they are used to working. They do not understand the dire need to change and thus resist change.

4. Other Factors:

- (i) Objectionable way of implementing change
- (ii) The concept that change simply adds more word and confusion
- (iii) Bad timing of change
- (iv) Desire to challenge authority
- (v) Change perceived as implying personal criticism.
- (vi) Negative attitude towards organization.

5. What are the reasons for acceptance of changes by employees?

Employees readily accept the change when they are convinced that change will yield them personal gain and other benefits.

Personal gain

- (i) Increment in wage and perks
- (ii) Enhanced job security
- (iii) More responsibility and authority
- (iv) Increase/ higher status
- (v) Better working environment
- (vi) Better interpersonal relation
- (vii) Self satisfaction
- (viii) Reduced time and effect

Other benefits

- (i) Respect for the source of change
- (ii) Reduced boredom
- (iii) Creation of new challenge
- (iv) Opportunity to grow
- (v) Opportunity to innovate

6. What role does communication play in organization – wide change?

Advantage of effective communication:

- (i) Creates mutual understanding and trust
- (ii) Helps employees to readily accept changes
- (iii) Convinces the employees that change will yield then gain
- (iv) Provides opportunity to employees for expressing their consent doubts.
- (v) Initiates feedback from employees for this feeling and suggestion.

Disadvantages of Ineffective communication:

- (i) Damages employees moral
- (ii) Creates possibilities of resistance
- (iii) Reduced commitment
- (iv) Brings about stain in relation between employer and employee
- (v) Due to this strenuous relationship the employees adopt tactics which adversely affect the production.

Guidelines for effective communication:

1. The organization wide change must be initiated by the top management.
2. A person must be made responsible to carry out the work of bringing about a change.
3. The change manager should be visionary, persuasive and consistent in bringing about the change.
4. Modification should be brought in the structure of the organization as necessary.
5. Change should be well planned and well communicated in advance.
6. There should be interactions with the employees to take in their view on the plan.

7. The problem and perceptions of the employees should be heard and steps should be taken to remove them.
8. Changes in a team effort. Thus changes can be brought about only when there is a perfect co-ordination between the various persons of the organization involved in it.

Factors to be considered while communicating:

1. What to communicate

- (i) Information about change
- (ii) Confidential information should not be leaked
- (iii) Information already spread through grape should be confirmed.
- (iv) Along with information feelings should also be communicated.
- (v) Communicate the changes that will come about.

2. To whom to communicate:

- (i) To all those who will be affected by the change
- (ii) It should be a direct communication from the management to the employees.

3. When to communicate:

- (i) Communication should be done before changes takes place not after
- (ii) Communication should also take place during the phase of change taking place
- (iii) Early and frequent communication is desirable
- (iv) Frequency of communication depends upon.
 - (a) Organizational hierarchy
 - (b) Nature of message
 - (c) Impact of message
 - (d) Level of mutual understanding between employer and employees

4. How to communicate:

Communication may be done both orally and in writing. Oral communication is useful

- (a) When quick feedback is required
- (b) To cool down emotions and provide opportunities to express doubts and concerns
- (c) When receiver is to be criticized without causing resentment.
- (d) When message is personal and confidential.
- (e) When it is necessary to change attitudes through persuasion.
- (f) When the matter requires discussion.

Written communication is useful when

- (i) A record is needed for future reference
- (ii) The message is complex
- (iii) Message requires repeated reading
- (iv) Copies of the message are to be circulated to other individuals.

7. What is innovation?

Innovation implies doing new things or existing things in new ways. It may take in several form which are as follows:

- (i) Introducing a new product or new quality of an existing product.
- (ii) Introducing a new method of production or distribution
- (iii) Discover a new market
- (iv) Locating a new source of raw materials.
- (v) Getting finance from a new source.

Role of innovation:

- (i) In today's ear rapid of change world only the organizations that innovate are likely to survive and grow.

- (ii) Such organizations can create and develop new products discover new markets.
- (iii) Innovation drives growth
- (iv) The successful business of the future will be one that can deliver are exceptional product.

Barriers to Innovation:

The main barriers to innovation are as follows:

1. In a highly structured organization sharp authority and status differences lead to rigidity and the innovative spirit does not flourish
2. In a highly cohesive group: In spite of having different ideas, members do not challenge group thinking which reduces innovation.
3. Autocratic leadership does not allow initiative and freedom of expression
4. Innovative spirit can flourish when there is free flow of communication in all direction.
5. Too many rules and regulation: A rule and procedure bound organization cannot be innovative. Bureaucracy discourages creative and innovative thinking.

The essential attributes of an innovative organization are as follows:

- (i) Corporate vision
- (ii) Corporate strategy
- (iii) Top management commitment
- (iv) Corporate culture
- (v) Systems, processes and practices
- (vi) Employees empowerment
- (vii) Cross functional teams.

CHAPTER 6 COMMUNICATION IN BUSINESS ENVIRONMENT

1. What documents are needed in Business meeting?

1. Notice:

NOTICE OF ANNUAL GENERAL MEETING

ABC Limited

(Regd. Office)

Notice is hereby given that the 10th annual general meeting of the company will be held at the registered office at at 3.00 PM on the day of 2007 to transact the following business.

ORDINARY BUSINESS

1. To receive and adopt the Balance Sheet as at and the profit and loss account for the year ended and the director's and auditor's report thereon.
2. To declare dividend
3. To appoint a director in place of Shri X, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors to hold office from the conclusion of this meeting and to fix remuneration.

SPECIAL BUSINESS

5. To consider and if, thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

“Resolve that clause 5 of the Memorandum of Association of the company be and is hereby substituted by the following clause 5:

The authorized share capital of the company is Rs. 90,00,000 (Rupees Ninety Lakhs) divided into 30,000 equity share each and 6,00,000 (Six Lakhs) Equity shares of Rs. 10 (Rupees ten each).

6. To consider and, if thought fit, to pass the following resolution as SPECIAL RESOLUTION:

Resolved that the Articles of Association of the company be and are hereby substituted by the following:

(a) The authorized share capital of the company is Rs. 90,00,000 (Rupees Ninety Lakhs) divided into 30,000 (Thirty Thousand) Preference Shares of Rs. 100 (Rupees one Hundred) each and 6,00,000 (Six Lakhs) Equity Shares of Rs. 10 (Rupees Ten) each.”

(b) The preference shares will have preferential rights to Dividend and repayment of Capital and may be issued from time to time on such terms and conditions as may be decided by the directors.”

7. To consider and, if thought fit, to pass the following resolution, with or without modification, as ORDINARY RESOLUTION:

“Resolved that pursuant to provision of Section 372A and other applicable provisions, if any of the companies Act, 1956 sanction be and is hereby accorded to the investment by this company of a sum not exceeding Rs. 11.25 Crores (Rupees Eleven Crore and Twenty Five Lakhs) by the subscription and/or purchase of 12,50,000 or less number of equity shares of Rs. 10 each at par of Kay limited though such investment be in excess of the percentages specified in the said section 372A of the companies Act, 1956, and the board of Directors of the company be and is hereby authorized to determine the actual sum, subject as aforesaid, to be so invested and any matters arising out of and incidental to the said proposed investment.”

8. To consider and, if thought fit, to pass the following resolution as ORDINARY RESOLUTION:

“Resolved that consent of the company be and is hereby accorded under the provisions of section 293(1)(d) of the companies Act, 1956, to the board of directors of the company for borrowing by issue of Debentures of

otherwise from time to time all such sums of money as they may deem necessary for the purpose of business of the company, apart from temporary loans obtained from the company's banker in the ordinary course of business, exceeding the aggregate of the paid up capital of the company and its free reserves that is to say reserves, not set apart for any specific purpose provided that the total amount up to which the monies may be borrowed by the Board of directors shall not exceed the sum of Rs. 3 Crores any time.

disrupting

By order of the Board of Directors

For ABC Limited

Sd/-

COMPANY SECRETARY

Date:

Place:

Note:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Dividend, if declared, will be payable on or before to those members whose names appear on the Register of members of the company on
3. Register of members and share transfer books will be closed from to (both days inclusive).
4. Members are requested to :
 - a. Notify immediately any change in their addresses to the company.
 - b. Quote your account number in all correspondence with the company.

2. Minutes of AGM

SPECIMEN MINUTES OF ANNUAL GENERAL MEETING OF MEMBERS

PQR LIMITED

Minutes of the 10th Annual General Meeting of the company held at its registered office on Wednesday, the 15th September 2001 at 11:30 A.M.

Present: Mr.....Chairman
Mr.....Managing director
Mr.....Director
Mr.....Director
Mr.....Director
Mr.....Director, and
..... (number) members present in person and
..... (number) members represented by proxies
Also Present : Mr..... Company Secretary
Mr..... General Manager (Finance)
Mr..... Auditor of the Company

1. CHAIRMAN

Pursuant to Article of the Articles of Association, the Chairman of the Board of directors being present took the chair.

2. QUORUM

After satisfying himself that there was adequate quorum, the Chairman declare the meeting to be only constituted and commenced the proceeding.

3. WELCOME

The chairman welcomed the members for the company's Annual General Meeting.

4. REGISTER OF DIRECTORS' SHAREHOLDINGS

The chairman informed the members that the register of directors' shareholding maintained under section 307 of the act was available at the meeting inspection by any member till conclusion of the meeting.

5. NOTICE OF MEETING

With the consent of the members, the chairman said that the notice sent to members calling the annual general meeting along with the other document has been taken as read.

6. CHAIRMAN'S SPEECH

The chairman addressed the members and appraised them about the working of the company during the year under review and the general economic scenario of the country and of the international situation and also the prospects of the company in future.

7. REPORT AND ACCOUNTS

The chairman proposed:

"That the audited Balance Sheet of the company as on 31st March, 2001, and the profit and loss account for the year ended 31st March, 2001, with the reports of the Directors' and the auditors thereon, be received, approved and adopted."

This was seconded by Mr. a member.

The chairman then invited members to speak on the motion. Mr. a member said that he was happy that the company has turned out improved turnover and profits during the year under review. He added, however, that there were certain areas of expenses, which he said had increased substantially during the year under review and he cautioned the management to take note of the situation, some members, namely, Mr. Mr. and Mr. while praising the directors on the good performance of the company, asked them to consider issue of bonus shares without delay.

After having given an adequate opportunity to the members to give their views on the working of the company, the chairman replied to all the queries raised by members to the matter of the issue of bonus shares after the company has completed the ongoing modernization projects. The chairman then put the motion to vote on a show of hands and declared the motion as having been passed without opposition.

8. DECLARATION OF DIVIDEND

The following motion was passed by Mr. and seconded by Mr.

"pursuant to the memorandum of the board of directors of the company, the dividend in respect of the year ended on 31st march, 2001 on the equity shares of the company at the rate of Rs. 5.00 (rupees Five only) per share (50%), be paid out to those shareholders of the company whose names appear on the company's register of members on or their mandate."

Several members welcomed the proposal and requested the chairman to increase the quantum of dividend at least from the next year. The chairman put the motion to vote on a show of hands and declared the same to have been unanimously.

9. REAPPOINTMENT OF Mr.

The following motion was moved, by Mr. and seconded : Mr.

That Mr. who retires by rotation and who is eligible for reappointment be and is hereby appointed a director of the company."

This was put to vote and declared by the Chairman to have been carried.

10. REAPPOINTMENT OF MR.

The following motion was moved, by Mr. and seconded : Mr.

That Mr. who retires by rotation and who is eligible for reappointment be and is hereby appointed a director of the company."

This was put to vote and declared by the Chairman to have been carried.

11. APPOINTMENT OF DIRECTOR

The chairman informed the members that the company, having received notice from Mr..... a member, signifying his intention to propose Mr..... at this meeting for appointment as director, had advertise the notice in two newspapers as required. The chairman settled that the proposer was not present at the meeting to move the proposed draft resolution. With the consent of the meeting, the chairman directed that the draft resolution was treated as having not been moved due to default on the part of the proposer and that the deposit made would be forfeited.

Alternative the following action may be taken

12. The chairman called Mr..... to move the motion, notice of which was given by him to the company in terms of section 257 and to the members by the company by advertisement in two newspapers.

Accordingly, Mr..... proposed.

“That Mr..... be and is hereby appointed a Director, subject to retirement by rotation.”

This was seconded by Mr..... this was put to vote and the chairman declared that the same has been carried.

13. APPOINTMENT OF AUDITORS

Mr..... proposed and Mr..... seconded the following motion:

“That M/s. Chartered Accountants, be and are hereby appointed auditors of the company to hold office until the conclusion of the next annual General Meeting of the company at a remuneration that may be determined by the Board of Directors in conclusion with the auditors.”

Mr..... and a few members proposed that the remuneration of the auditors shall be incorporated in the motion itself. The chairman clarified that the Board of directors would take into account the scope of the work involved on a yearly basis and would come to a decision in consultation with the auditors and that an increase in remuneration need not be automatically presumed. The chairman suggested that the present practice might be continued which was unanimously approved.

The chairman put the motion to vote and declared the same as carried.

3. Chairman’s speech

SPECIMEN OF THE CHAIRMAN’S SPEECH

Dear shareholders,

First of all let me share with you in very brief the highlights of our perform in the year. We just completed as per our current Indian accounting standards also the consolidated Accounts prepared as per US GAAP.

XY Ltd. Stand Alone Profit and Loss Account

XY Stand alone	Current year 1999-2000	Previous Year 1998-1999
Sales (Rs. Crores)	486.50	430.00
Profit after tax (Rs. Crores)	56.90	45.30
EVA (Rs. Crores)	23.90	14.90

XY Ltd. consolidated Profit and Loss Account (In consonance with US GAAP)

XY Consolidated	Current year 1999-2000	Previous Year 1998-1999	% Growth
Net Sales (Rs. Crore)	624.70	516.10	21

(Net of Excise Duty and Sales Tax)

Net Income from continuing operation	42.50	30.10	41
(Rs. Crores)			

It has been another good year for us-no matter whether you look at the Indian or the US GAAP accounting.

I want to take this opportunity to shares with you a few of my thoughts on the future strategies of your company in the rapidly changing business environment.

Mergers & Acquisitions

Our first strategy was to use mergers and acquisitions to attain critical mass. Having acquired P.S. Ltd. in 1988, R Ltd. 1993, B Ltd. in 1996, and creating access to new product pipeline of our partners from whom we acquired their business in India. In 1997 we resorted to a three way merger with G.S. Limited to gain considerably by creating one large company under a single management with the obvious other benefits of mergers. Careful consideration was given to rationalizing operation, integrating cultures, developing a world class manufacturing base. The strongest marketing/distribution infrastructure in the Indian healthcare market was created via ten or more focused field forces and a streamlined supply chain with 2000+ stockiest. XY Ltd. today, is a clear leader in M&A capability within Indian healthcare; this was later supplemented by key strategic alliances / joint ventures.

In future also, we will continue to seek out synergistic & win-win acquisitions/ partnership in the domestic as international markets.

However, the greatest single advantage of achieving critical mass in my opinion was our new ability to invest in serious and sustainable discovery research and Development of patentable new products. Let me share with you why I think this is important to the future growth of your company.

The Emerging Business Environment

While our quantum growth: 29 times increase in Sales and 73 times increase in profits (on standalone basis) over the last 12 years after our acquisition of N is a good testimony to the strategy we adopted in our formative phase. The business environment has changed dramatically after India joined the WTO, has accepted TRIPS and changed our patent law to fall in line to give full 20 years patent protection to product patents filed after January 1995. (India did not allow product patent since 1970, only process patents were allowed in pharmaceuticals.) The full impact of this change will be felt perhaps after next 7 to 10 years when the products patented after 1995 will start coming in the Indian market.

I am greatly pleased to assure you that thanks to the strategy we adopted, our company has secured a good access to the new product pipeline of our strategic alliance and JV partners. This was possible entirely because we had anticipated these changes and implemented strategies proactively to secure these relationships. We have therefore secured a major advantage for our company as compared to others.

Our research strategy has several elements

Discovery research is conducted at the and has focused on five therapeutic areas and in three of these we have already identified patentable needs. While determining the success probability of these still needs a couple of years more work. In addition to launching the product exclusively in India, we also have the exclusive rights to market or license the product globally. A second NCE is in advanced clinical trials for cancer and AIDS. The company will be actively asking for international partners to help take its NCE's global.

The herbal research will also be conducted at the Facility. There are more than a dozen projects in these herbal pipelines, with a good chance of about four next products being launched in the next 18 to 24 months.

Our programme on chemical synthesis/ chiral chemistry primarily users reverse engineering with 12+ projects on hand, some of which are directed towards the global generics market. This developmental work is undertaken both at And at our facility.

I am also pleased to inform you that, we plan to start genomic research. The objective is to 'harvest' the knowledge of the international Human Genome Research Project which is in the Public Domain i.e. NOT PATENT PROTECTED and can be succeeded by any one. We will use this knowledge for the development of genetic healthcare products which can be patent protected. We plan to look for alliances in this area. We in India seem to have certain special advantages when it comes to discovery and development of products to treat diseases triggered by genetic problems. The genome research facility in Mumbai will be located in the wellspring centre.

Strategic Alliances

XY Ltd. sees strategic alliances as vital to access technology and improve learning. The initial thrust was on marketing alliances, notably in the OTC segment, where the company is now a market leader thanks to its alliances with the alliance with In eye care has also achieved leadership in that segment. Our entry into herbal/ natural products category is being facilitated by learning we are acquiring from our JV partnerships. The emphasis will increasingly be on research partnerships in the future, which should help XY Ltd. go global.

Incremental Expansion

XY Ltd. already has a cost effective world class manufacturing base which we propose to leverage to manufacture and market products to our alliance partners and other multinationals in the international market.

As regards the product line for international expansion XY Ltd. has three options.

A range of branded generics

The new Herbal/Naturals line

The NCE's in its own pipeline.

CHAPTER 7 BASIC UNDERSTANDING OF LEGAL DEEDS AND DOCUMENTS

1. What is a document?

“Document” as defined in section 31(18) of General Clauses Act, 1894 means any matter expressed or described upon any substance by means of letters, figures or marks, or by the more than one of those means, intended to be used or which may be used, for the purpose of recording that matter.

2. What is a Deed?

A Deed is a writing –

1. On paper vellum or parchment
2. Sealed and
3. Delivered, where by an interest, right or property passes, or an obligation binding on some person is created or which is in affirmative of some act where by an interest, right or property has been passed.

In legal sense, a deed is a solemn document. Deed is the term normally used to describe all the instruments by which two or more persons agree to affect any right or liability. To take for example gift deed, sale deed, deed of partition, partnership deed, deed of family settlement, lease deed, mortgage deed and so on. Even a power of attorney has been held in old English cases to be a deed. A bond is also included in the wide compass of the term deed.

3. Specimen of Partnership Deed?

THIS INDENTURE OF PARTNERSHIP IS MADE ON the _____ day of _____ 2007 between _____ S/o. _____ R/o. _____ aged _____ (herein after called the ‘First Party’) AND _____ aged _____ year, S/o. _____ Resident of _____ (hereinafter called the ‘Second Party’)

WHEREAS the parties here to have agreed to commence business in partnership and it expedient to have a written instrument of partnership.

WHEREAS the parties here to have mutually agreed to carry on the business of _____ at _____ and to share the profits and losses of the said business in partnership between themselves into a firm of partners under the name of style of M/s. _____ (name of the firm).

The terms and conditions agreed to by and between the parties hereto witnesses:

1. The duration of the firm shall be, to begin with a period of _____ year or such further or lesser period as the parties may choose to mutually agree.
2. The capital of the firm for the time being is fixed at Rs. _____ (rupees _____) only which has been contributed by the partners as follows namely.
3. The partners shall distribute the net profits and bear the losses in the following ratios:
First party _____
Second Party _____
4. The partners shall be entitled to withdraw out of profit, money not exceeding Rs. _____ in each month adjustable against the account of the respective partners at the time of annual accounting.
5. The first party shall make available to the firm the shop premises in which the business of the firm shall be carried on, situated at _____ and which shop or premises is in his occupation as a tenant from the month to month paying a monthly rent of Rs. _____ to Shri _____ and shall hereafter hold the said shop or premises in trust for the partnership for which rent shall be paid out of the partnership from the date mentioned in Para I above.
6. The said rent, and all taxes, duties, repairs and outgoings in respect of the said shops or premises or other place or places of business of the partnership shall be paid out of the partnership.

7. No apprentice, clerk or servant shall be employed or dismissed without the consent of all the partners.
8. The firm shall regularly maintain in the ordinary course of business a true and correct account of all its incoming and outstanding and also all its assets and liabilities in proper books of accounts which shall ordinarily be kept at the firm's place of business.
9. Immediately after each _____ day of _____ in every year, the partners shall take and account and valuation of the effect, credits and liabilities of the partnership. Such accounts and valuations shall after mutual examination to be drawn up in duplicate and signed by the partners; we shall each retain a copy. The entries in such signed accounts shall be final and each retain a copy. The profits and loss, as the case may be, shall be divided as aforesaid, after the signing of such accounts.
10. The authority of the partners, individually shall be limited to the following:
 - a. No partner shall individually purchase goods for the partnership without consulting the other and obtaining his consent for purchases of the value exceeding Rs. _____.
 - b. No partner shall singly bind the partnership by taking any loan or raising any money whether with or without security to the extent of more than Rs. _____.
 - c. No partner shall commit the partnership without obtaining the written consent of the other, to any undertaking which involves to the extent of more than Rs. _____.
 - d. All law suits shall be filed and defended by the partnership by the partners acting jointly in all cases which involve the partnership financially to the extent of more than Rs. _____.
11. The partnership shall be deemed to be continuing on the admission of a fresh partner or partners, provided the admission is on the terms herein laid down and is approved by all the partners.
12. Every partner shall be entitled to dissolve the partnership in the event of the other committing breach of the conditions herein covenanted. The partnership may be dissolved by a notice in writing sent by registered post to the address herein given or such address as may be registered from time to time with the registrar of firms. On the dissolution of the firm under the date of dissolution of the firm under this clause the expelled partners shall not be liable for any losses incurred as from the date of dissolution. But no profit or loss shall be paid or become payable except at the time of annual accounting.
13. On the bankruptcy of any partner or on notice of being given to either partner under clause 12 above or on the death and there being no major legal representatives willing or capable to take the place of the deceased partner the partnership shall terminate. The share of such partner may be purchased by the remaining partner(s) at a valuation to be made by arbitrators or their umpire as hereinafter mentioned. The price shall be paid in 3 equal six monthly installments. The tenancy right of the first party shall be valued at _____ year's rental.
14. Upon the determination of the partnership by afflux of time, or upon its determination by any other partner than as soon as convenient, a full and general account of valuation shall be taken of the property and assets and liabilities of the partnership and the property and the assets put to sale and the debts realized and the creditors paid. The net proceeds in cash shall be equally divided between the then partners and the legal representatives of the deceased partner; PROVIDED always, that if the proceeds are less than the liabilities the loss shall be made good in equal shares by the then partners, or the legal representative or representatives of any deceased partner.
15. If at any time any dispute, doubt or question shall arise between the partners, or their representatives either on the construction of these presents, or respecting the accounts, transaction, profit or losses of the business or otherwise in the relation to the partnership then every such dispute, doubt or question shall be referred to arbitrators chosen by each of the partners and the representatives of their umpire to be appointed in the manner provided by law and such reference shall in all respect, as to the mode and consequences thereof conform to the provisions in that behalf contained in the Arbitration Act, 1940 or any statutory modification thereof.

IN WITNESS WHEREOF the said A.B. and C.D. have hereto at _____ signed the day and the year first above mentioned.

WITNESSES:

SD/- First party

SD/- Second party

4. What is Power of Attorney?

According to section 2(21) of the Indian stamp Act, 1899, “power of attorney” includes any instrument (not chargeable with fee under the law relating to Court fees the time being in force) empowering a specified person to act for and in the name of the person executing it.”

In terms of Section 1A of the powers of Attorney Act, 1882 (7 of 1882) as amended by the powers of Attorney Act, 1982 a power of attorney includes an instrument empowering a specified person to act for and in the name of the person executing it. It is always kept by the Attorney.

Types of Power of Attorney

A power of attorney executed for the purpose of a specific act is called a “special power of Attorney”. It is also called a “Particular power of Attorney”. A specific act is meant to imply either a specific act or acts related to each other as to form one judicial transaction, such as all the acts necessary to perfect a mortgage or a sale of a particular property. A power of attorney executed for the purpose of generally representing another person, or for performing more than one act, is called ‘a general power of attorney’.

Specimen

(i) General Power of Attorney

KNOW ALL MEN BY THIS POWER OF ATTORNEY: WHEREAS _____ a company registered under the companies act, 1956, and having its registered office at _____ (hereinafter called the ‘company’) has from time to time to institute and defend civil, criminal and revenue suits, appeals, revisions and other legal proceeding in various courts, offices and before other authorities in India and outside; AND WHEREAS the company has to enter into various agreements and contracts and execute various sorts of documents, including leases, guarantees and counters guarantees, indemnity bonds etc; AND WHEREAS it is considered necessary and expedient to execute a general power of attorney in favour of _____ and _____. Managing Directors of the company; AND WHEREAS the board of directors of the company, by resolution no. _____ passed in their meeting held on _____ have resolved to execute and register a general power of attorney in terms of the draft placed before the Board in favour of Shri _____, Director, to execute, sign, seal, register and deliver the said power of attorney.

NOW THIS POWER OF ATTORNEY WITNESSES AS FOLLOWS:

The company hereby appoints Shri _____ and Shri _____, as its Attorney (hereinafter collectively called “the Attorneys”) so long as they or any of them are/is the Managing directors/ _____ of the company to do severally, the following acts, deeds and things in the name and on behalf of the company;

1. To take decision for instituting and defending legal proceedings and to institute and defend legal proceedings – civil, criminal or revenue including income tax, sales tax and excise and confess judgment or withdraw, compromise, compound or refer any matter of dispute to arbitration, as they or either of them may think fit;

2. To sign, verify and file in all or any courts and offices in India and outside, in all or any cases, whether original or appellate revision of review, complaints, written statements, affidavits, applications, review or revision petitions, statutory returns and memoranda of appeals or cross objections;
3. To engage and appoint advocates, solicitor, pleaders and mukhtars, as the case may be;
4. To appoint special agents or attorneys on such terms and condition as they or either of them may deem fit;
5. To appear in all or any courts and offices to represent the company in all proceedings and make statements on oath or otherwise for and on behalf of the company;
6. To file and receive back from any or all courts or offices documents of all kinds and to give receipts thereof;
7. To deposit or obtain refund of stamp duty or court fee or to repay the same;
8. To deposit in or withdraw from any or all courts or other offices moneys and give receipts thereof;
9. To apply for copies of documents or other records of courts or offices;
10. To apply for inspection of and to inspect records of which inspection is allowed;
11. To execute decrees, receive moneys and obtain possession of properties in execution of decrees, give receipt and discharges therefore and compromise or compound any such decrees,
12. To realize and collect all outstanding and claims of the company and to give effectual receipts and discharges;
13. To execute, sign, seal and where necessary to register all documents including deeds, leases, agreements, contracts, letters of appointments, power of attorney;
14. To sign, seal and execute bonds, indemnity bonds, guarantees and counter guarantees;
15. To execute, endorse and negotiate bills of exchange, Hundies, promissory notes and negotiate or otherwise deal with Government promissory notes or any securities of the central or State Government or any local authorities.
16. To acquire, buy, purchase within limit prescribed by the bonds, or sell transfer pledge or otherwise negotiate shares and/or debentures held by the company in other joint stock companies or statutory corporation and for that purpose to sign and execute transfer deeds or other instruments, collect dividends and bonuses falling due thereon and otherwise deal in such shares/debentures;
17. To sign, discharge receipts, transfer forms and any other documents required by the post office in connection with the post office national saving certificates;
18. And generally to do all such acts, deeds or things as may be necessary or proper for the purposes mentioned above.

AND the company hereby agrees that all acts, deeds or things lawfully done by the said attorneys or either of them under the authority of this power shall be constructed as acts, deeds and things done by the company and the company hereby undertakes to confirm and ratify all and whatsoever the said attorney or either of them shall lawfully do or cause to be done by virtue of the powers hereby given.

IN WITNESS WHEREOF, this deed has been signed and sealed by shri _____, director, authorized in this behalf vide Board's resolution No. _____ dated _____ on this _____ day of _____ 2002, in presence of:

WITNESSES:

- 1.
- 2.

Director

For (name of the company)

(ii) Specific power of Attorney to present document for registration

BY THIS POWER OF ATTORNEY I, of _____ do hereby appoints of my attorney for me and on my behalf to appear for and represent my before the sub registrar of _____ of All time as may ne necessary and to present before him for registration the _____ deed dated the _____ day of _____ made between, etc., to

admit the execution of the said deed by me (*if necessary to admit the receipt of consideration*), to do any act, deed or thing as may be necessary to complete the registration of the said deed in the manner required by law and when it has been returned to hi after being duly registered, to give proper receipt and discharge for the same.

And I, do hereby agree and declare that all acts, deeds and things done, executed or performed by the said shall be valid and binding on me to all intents and purposes as if done by me personally which I undertake to ratify and confirm whether required.

Signed, sealed and delivered

Witnesses

5. What is a lease?

According to section 105 of the Transfer of Property Act, 1882, a lease of immovable property is a transfer of a right to enjoy property. It is the method of acquiring the right to use equipment or real property for consideration.

Lease is a contract between lessor and lessee for the fixed term for the use on hire of a specific assets selected by lessee. Lessor retains ownership of the assets and lessee has possession and use of the assets on payment of specified rental over a period. It is a sort of contractual arrangement between the two parties whereby one acquires the right to use the property called "Lessee" and the other who allows the former the right to use his owned property, called the "Lessor".

Deed of Sub-lease (specimen)

THIS LEASE made this _____ day of _____ 2007 between of (hereinafter called "the sub-lessor"), of the one part, and of _____ (hereinafter called "the Sub-Lessee"), of the other part.

WHEREAS by a lease (hereinafter referred to as "the original lease") dated _____ the day of _____ and made between as owner and as lessee and registered in book I, vol. _____ pages _____ to being no. _____ for the year _____ in the office of sub-registrar of _____ etc., the premises (or, etc.) described in the original lease were demised to the said original lessee for a period of _____ years with effect from the _____ day of _____ on a yearly rent and subject to the covenants and conditions to be performed and observed as therein contained.

AND WHEREAS the original lessee has agreed to grant and the sub lessee has agreed to accept a sub lessee of the premises (or, etc.) hereinafter described upon the conditions hereinafter contained;

NOW THIS DEED WITNESSES that in consideration of the rent hereinafter reserved and the covenants by the sub lessee a lease of ALL THAT premises (or, etc.) known by the name of etc., and situate at etc., together with the appurtenances; To HOLD the same unto and to use of the sub lessee for the period of _____ years, commencing with effect from the _____ day of _____ at the monthly rent of Rupees _____ SUBJECT to the following conditions:

1. The sub lessee hereby agrees with the covenants with its lessor, viz., the lessee as follows:
 - (a) To pay the said rent, clear of all deductions, on the _____ day of _____ every current month in advance during the term of the lease.
 - (b) To pay all taxes and outstandings now payable or hereafter to become payable in respect of the leased premises (or, etc.)
 - (c) To keep the said premises (or, etc.) in good and tenantable repair, and not to make any alteration therein without the written consent or the landlord.
 - (d) To perform all the covenants, conditions and stipulation contained in the original lease affecting the property hereby leased and to be observed and performed by the original lessee except payment of rent and not to do, execute or perform any act, deed or thing or suffer anything to the contrary whereby or by reason or means whereof the original lease may ne avoided or forfeited and to allow the original lessee to enter upon the leased premises (or, etc.) for the purpose of inspection of the premises and performing any of such terms of agreement contained in the original lease, which may be necessary to prevent its forfeiture.

(e) To keep the original lessee indemnified against all actions, claims, demands and expenses on account of performance or non- performance by the sub-lessee (of any of the terms, conditions and stipulation public of this agreements.

2. The original lessee does agree and covenant with the sub-lessee as follows:

- (a) That upon the sub-lessee paying the rent hereby reserved and observing and performing the conditions and covenants herein contained; shall quietly and peacefully possess and enjoy the property hereby leased during the said term without any interruption and disturbance by the original lessee or any person claiming under or in trust for him, provided that in case of any breach of any of the conditions and covenants to be observed and performed by the sub-lessee, the lease shall, at the option of the original lessee, stand determined who shall be entitled to repossess the property at his former estate without prejudice to his right to recover all arrears of rent and/or any damages for breach of such conditions or covenants.
- (b) The original lessee shall duly and punctually pay the rent reserved, observe and perform all the covenants and conditions contained in the original lease, and keep the same alive and in full force and virtue and will further, _____ times, keep the sub-lessee and his estate indemnified against all actions, claims, proceedings and demands on account of any breach of any of the conditions and covenants contained in the original lease.
- (c) The original lessee acknowledges the right of the sub-lessee as to production of the original lease and to delivery of copies thereof and undertakes for the safe custody thereof.

3. It is further agreed that the terms “the original lessee” and “sub-lessee” used herein shall, unless inconsistent with the context, include as well their respective successors and assigns.

IN WITNESS, etc.,

1st party
2nd party

Signed, sealed and delivered....

6. What is an Affidavit?

An affidavit is a written statement used mainly as an support instrument or as an evidence in legal proceedings.

Specimen:

AFFIDAVIT

I/We _____ S/o shri _____ Residence of _____ make oath and solemnly state as under:

- (1) That _____ equity/preference shares Nos _____ of _____ Rs. _____ each are standing registered in the name of the _____ in the books of the _____ Cos. Ltd., Ladhiyana.
- (2) The Mr./Mrs _____ expired on _____ leaving behind him/her the following as his/her sole and legal heris:
 - 1.
 - 2.
 - 3.
- (3) That Mr./Mrs. _____ left behind him/her an unregistered will dated _____ in which he/she bequeathed all his/her _____ shares to _____ this will has not been superseded by any other will.
- (4) That the aforesaid _____ shares were the separate and self acquired property of the deceased.
- (5) Those under the Hindu Succession Act, 1956, the person mentioned in paragraph 2 above are jointly entitled to inherit the aforesaid shares.

(6) That Mr./Mrs. _____ have out of love and affection for me/us and in deference to the wishes expressed by late Shri/Smt _____ in his/her unregistered will date _____ have relinquished and rounded all his/her/their rights, titles and interests what so ever in the aforesaid _____ equity/preference shares vide deed of relinquishment dated _____ to the Intent that I/We may become the sole and absolute owner public the aforesaid shares.

(7) That I/We, therefore, "request the _____ co. Ltd to transmit the aforesaid _____ equity/preference shares in my/our names and to pay to me/us the outstandings dividend, it any, without production of the probate of the will or letter of Administration or a Succession Certificate.

Signature: _____

Deponent/s

Verification

Verified at _____ on this _____ day of _____ 2007 that the statements contained in the above paragraphs are true to the best of my/our knowledge and belief and that nothing has been concealed.

Signature: _____

Deponent/s

7. What is an Indemnity Bond?

According to section 124 of Indian contract Act, 1872, a contract of Indemnity is a contract by which one party promises to save the other from loss caused to him by the promissory himself or by him contract.

INDEMNITY BOND

_____ equity/preference shares nos. _____ of Rs. _____ each are standing registered in the name of late _____ in the books of the _____ co. Ltd. Delhi.

Mr./Mrs. _____ expired on _____ leaving behind him/her the following his/her sole and legal heirs:

- (1)
- (2)
- (3)

Mr./Mrs. _____ left behind him/her an unregistered will dated _____ in which he/she bequeathed all his/her _____ shares to _____ this will has not been superseded by any other will. The aforesaid _____ shares were the separate and self acquired property of the deceased. Under the Hindu Succession Act, 1956, the person mentioned in paragraph above are jointly entitled to inherit the aforesaid shares Mr./Mrs. _____ have out of love and affection for me/us and in deference to the wishes expressed by late Shri/smt _____ in him/her unregistered will dated _____ have relinquished and renounced all his/her/their rights titles and interest whatsoever in the aforesaid _____ equity/preference shares vide deed of relinquishment dated _____ to the inherit that I/we may become the sole and absolute owner of the aforesaid shares.

I/we, therefore, request the _____ co. Ltd. to transmit the aforesaid my/our above request on my/our names and to pay to me/us the outstanding dividend, if any, without production of the probate of the will or Latter of Administration or a Succession Certificate.

In consideration of the _____ Co. Ltd. to transmit the aforesaid my/our above request on my/our executing an indemnity bond in favour of the company, I/we do hereby indemnify the company and bind myself/ourselves, my/our heirs, executors and administrators to pay all claims, charges, costs, damages, demand expenses, and losses, which the said _____ Co. Ltd. may sustain, incur or be liable for in consequence of having complied with my/our request. The company may realize the said claims, charges, costs, damages demands, expenses and losses from me/us personally or my/our heirs, executors or administrators or my/our properties, as the case may be.

Place:

Date:

Witnesses No 1:

Full Address:

Signature

Witnesses No 2:

Full Address:

Signature

8. What is Gift deed?

Gift has been defined under section 122 of the Transfer of Property Act, 1882. Section 122, states that 'Gift ' is the transfer of certain existing movable or immovable property made voluntarily and without consideration, by one person, called the donor, to another, called the donee, and accepted by or on behalf of the donee. Such acceptance must be made during the life time of the donor and while he is still capable of giving. If the donee dies before acceptance, this gift is void.

Gift is also defined in Gift Tax Act; section 2(xii) states that 'gift' means the transfer by one person to another of any existing movable or immovable property made voluntarily and without consideration in money or money's worth and includes transfer or conversation of any property referred to section 4 deemed to be a gift under that section.

Specimen

Deed of Gift of property for particular purpose

THIS GIFT is made the _____ day of _____ BETWEEN of, (hereinafter called "the Donor") of the one part and of, (hereinafter called "the donee") of the other part.

WHEREAS the donee intends to start a school in his village _____ for the education of girls and whereas the donor is desirous of donating the land fully mentioned and described in the Scheduled hereto be used as a site for the said school.

NOW THIS INDENTURE WITNESSTH that in pursuance of the said pious wish and desire and as a patron of the proposed school to be started by the donee, the donor do hereby and hereunder freely and voluntarily grant, convey, transfer, give, assign and assure unto and to the use of the donee and his successor ALL THAT, etc., etc., to be used solely and exclusively for the purpose of a site for construction and accommodation of the proposed girls' school TO HAVE AND HOLD the same as long as the same shall be used and occupied as a site and/or building of the school AND THAT the donee accepts the gift of the said property hereunder made solely and exclusively for the purpose hereinbefore indicated subject to the condition hereunder provided.

THIS INDENTURE FURTHER WITNESSETH the it is expressly agreed and understood by and between the parties that this gift of land will stand ipso facto revoked in the event the land hereunder given is not used for the purpose of the intended school for which the same is given within a period of one year from the date of these presents or in the alternative the said school is abolished or shifted elsewhere or amalgamated with some other institution when and in all or any such event or events the land with all buildings and structures, if any erected thereon, shall revert to and revert in the donor or his heirs, executors, administrators and representatives and shall form part of his further agreed by and between the parties the in case the land is acquired by the Government, the donee or his successors, including any person or persons managing the school, shall invest the compensation money to be awarded in purchase of another land or building to be used solely and exclusively for the school unless otherwise directed by any court of competent jurisdiction. The estimated value of the property is Rs. _____.

IN WITNESS WHEREOF, the donor has executed this deed of a gift and delivered the same to the donee who has also executed the same in token acceptance thereof the day, month and year first above written.

The schedule above referred to

Signed, sealed and delivered

Donor

Donee

9. How is a Memorandum of Association drafted?

**MEMORANDUM OF ASSOCIATION
OF
X Y Z LTD.**

1. The name of the company in x y z ltd.
2. The registered office of the company will be executed in Chandigarh.
3. The objects for which the company is established are:-

(A) THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:

1. To undertake provision of all types of telecom services including installation, maintenance and operation of private and public telecom network, value added services, mobile telephone services, paging, electronic mail, data transmission, fax, telex and videotext service.
2. The purchase, develop, import, export, trade, contract for all types of company software including production of company animated films and accessories.

(B) THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE:

1. To buy sell, exchange, alter, improve and manipulate in all kinds of plant, machinery, apparatus, tools and things necessary for carrying on the main business of the company.
2. To vest any movable or immovable property, rights or interest acquired by or received or belonging to the company, in any person or persons or company on behalf of or for the benefit of the company with or without any declared trust in favour of the company.
3. To purchase or otherwise acquire, construct carry out, equip, maintain, alter, improve, develop, manage, work, control and superintend any factories, plants, were-houses, workshops, sheds dwelling, offices, shops, stores, building, telephones, electric and gas works, and all kinds of works, machinery, apparatus, labour lines and houses. Were-houses, and such other works and conveniences necessary for carrying on the main business of the company.

(C) THE OTHER OBJECTS ARE:

1. To carry on the business as traders, importers and exporters of any dealers in aluminum utensil, steel utensils and all other such types of utensils and Kitchen requisites of all types.
2. To act as business consultants, give advice to engage in dissemination of information in all aspects of business organization and industry and to advice upon the means and methods for extending and developing systems or processes relating to production, storage, distribution, marketing and securing of orders for sale of goods in India and, abroad and or relating to the rendering of services.
3. To carry on the business of running motor lorries, motor taxis, mini buses and conveyances of all kinds and to transport passengers and goods and to do the business of common carriers.
4. To carry on the business of wholesale or retail, or otherwise as interior decorators and furnitures, upholsterers, and dealers in and hirers, repairers, cleaners, stores and warehouses of furniture, carpets, linoleums, furnishing fabrics and other coverings of all types of household utensils, china and glass goods, fitting curtains and such other household requisites of all types.
5. To carry on business as brewers, distillers, bottlers, canners, preservers, coopers, dehydrators, malsters, and dealers in fruits, herbs, vegetables, plants, and liquors, country liquors of every description such as India made foreign liquors, and by products therefrom, whether intoxicating or not, tonics, vitamin, beverages, flavoured drinks, nector. punch, aerated waters and drinks whether soft or otherwise.

IV. The liability of the Members is limited.

V. The Authorised share capital of the Company is RS. 50,00,000/-(Rupees Fifty Lacs) divided into 5,00,000 (five Lacs) Equity shares of Rs. 10/- (Rupees Ten) each.

We the several persons whose names and addresses are subscribed, below are desirous of being formed into a company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the company set opposite our respective names-

disrupta

**ARTICLES OF ASSOCIATION
OF
X Y Z LIMITED**

1. Unless the context otherwise requires words or expressions contained in these articles shall bear the same meaning as in the Act or any Statutory modification thereof in force at the date at which these Articles become binding on the Company.

“The Act” means the Companies Act, 1956 and includes where the context so admit any re-enactment or statutory modification thereof for the time being in force.

“These Articles” means these Articles of Association as originally framed or as from time to time altered by special resolution.

“The Company” means x y z LIMITED

“The Directors” means the Directors of the company.

“The Board of Directors” or “The Board” means the Board of Directors of the Company.

“The Managing directors” means the Managing Director of the Company.

“The Office” means the Registered Office of the Company.

“The Corporation” means any financial institution and/or any Central or state Government.

“Register” means the registered of Members of the company required to be kept under section 150 of the Act.

“The Registrar” means the register of Companies, as defined under Section 609(2) of the Companies Act, 1956.

“The Secretary” means the Secretary of the company.

“Dividend” includes bonus but excludes bonus shares.

“Month” means calendar month.

“Year” means a calendar year and “financial Year” shall have the meaning assigned thereto under Section 2 (17) of the Act.

“Seal” means the common Seal of Company.

“Proxy” includes Attorney duly constituted under power of Attorney.

“In Writing” and “written” include printing, lithography and other modes of representing or reproducing words in a visible form.

Words imparting the singular number any include the plural number and vice versa.

Words imparting persons include corporation.

2. Save as otherwise provided herein the regulation contained in Table “A” in Schedule I to the act shall not apply to the company.
3. Save as permitted by section 77 or 77A of the act, the funds of the company shall not be employed in the pursuance of, or lent on the security of shares in the company and the company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with the purchase of or subscription for shares in the company or any company of which it may, for the time being, be a subsidiary.

This article shall not be deemed to affect the power of the company to enforce repayment of loans to members or to exercise a lien conferred by article 32.

4. The authorised share capital of the company is Rs. 50,00,000/- (Rupees Fifty lacs) divided in to 5,00,000 (Five lacs) Equity shares of Rs. 10/- (rupees Ten) each with power, from time to time, to issue any shares of the original capital or any new capital with the subject to any preferential qualified or special rights, privileges or conditions as may be thought fit and upon the sub-division of a share to apportion the right to participate in profit in any manner as

between the shares resulting from such sub-division. The rights attached to the preference shares shall be such as may be determined by the company at the time of issue thereof.

5. Subject to the provisions of these articles, the shares shall be under the control of the board, which may allot or otherwise, dispose of the same to such person, on such terms and conditions, at such time. Either at par or at a premium and for such consideration as the Board thinks fit. Provided that, where at any time it is proposed to increase the subscribed capital of the company by the allotment of further shares, then, subject to the provisions of section 81(1A) of the act, the Board shall issue such shares in the manner set out in section 81(1) of the Act. Provided further that the option or right to call of shares shall not be given to any person except with the sanction of the company in General Meeting.
6. As regards all allotments made from time to time, the directors shall duly comply with section 75 of the Act.
7. Subject to the provision of these articles the company shall have power by special resolution to issue preference shares carrying a right to redemption out of the profits which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of such redemption is liable to be redeemed at the option of the company and the board may subject to the provisions of section 80 of the Act exercise such powers in such manner as may be provided in these articles.
8. The company may exercise the power of paying commission conferred by section 76 of the act. In such case it shall comply with the requirements of that section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the order. The company may also on any issue of shares or debenture pay such brokerage as may be lawful.
9. With the previous authority of the company in general meeting and the sanction of the court and upon otherwise complying with section 79 of the act, the directors may issue at a discount shares of a class already issued.
10. If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable be installments, every such installment shall, when due, be paid to the company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.
11. The joint – holders of a share be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares.
12. Save as here in otherwise provided and subject to section 187C of the Act, the company shall be entitled to treat the registered holder of any shares as the absolute owner thereof and accordingly, shall not, except as ordered by a Court of Competent jurisdiction, or as by statute required by bound to recognize any equitable or other claim to or interest in such share on the part of any other person.
13. Shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered as joint-holders of any share. No share shall be allotted to or registered in the name of a minor; person of unsound mind or a partnership.
- 14.

(1) Dematerialization of securities:

The company shall be entitled to dematerialize its existing shares debentures and other securities, re materialize its existing shares, debentures and other securities held in a Depository and/or offer its fresh shares and debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(2) Opinion of Investors:

Every person subscribing to security offered by the company shall have the option to receive the securities or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository is permitted by law, in respect of any security in the manner provided by the

Depositories Act, 1996 and the Company shall and within the time prescribed, issue to the beneficial owner the required certificate of securities.

(3) Intimation to Depository:

Where a person opts to hold his security with a Depository, the company shall intimate such depository the details of allotment of the securities and on receipt of such information, the depository shall enter in its record the name of the allottee as the beneficial owner the required certificate of securities.

(4) Securities in Depositories to be in Fungible form:

All securities held by a Depository shall be dematerialized and shall be in fungible form:

(5) Right of depositories and Beneficial owners:

- (a) Notwithstanding anything to the contrary contained in the act or these articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it.
- (c) Every person holding securities of the company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be member of the company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject and be subjected to all the liabilities in respect of his securities held by a depository.
- (d) In respect of the shares or other securities of the company held in dematerialized form, the provision relating to joint holders contained in these articles shall mutatis mutandis apply to the joint beneficial owners.

(6) Depository to furnish information:

Every depository shall furnish to the company information about the transfer of securities in the name of the beneficial owner at the intervals and in such manner as may ne specified by the law and the company in this behalf.

(7) Section 83 and 108 of the companies Act, 1956 not to apply:

Notwithstanding anything to contrary contained in the articles:

- (a) Section 83 of the act shall not apply to the shares with a depository.
- (b) Section 108 of the act shall not apply to transfer of securities effected by the transferor and the transferee, both of whom are entered as beneficial owners in the records of depository.

10. How are Annual Reports prepared?

PREPARATION OF ANNUAL REPORTS

In case of company, there exists a divorce between the shareholders (owners) and the management of the company. The board of directors manages the affairs of a company. Mandatory disclosure through annual reports and accounts is a method of providing information to the shareholders and the public about the financial position of the company so as to enable its members to exercise a more intelligent and purposeful control thereon.

Annual Reports and Accounts consist of balance sheet, profit and loss account (Income & expenditure statement in case of non profit making companies) directors governing body's report, auditors report, compliance certificate etc.

Annual accounts:

Section 209 of the companies act, 1956 (the act) provides that every company must keep at its registered office or any other place in India, as the board of directors think fit, books of account with respect to:-

- (a) All sums of money received and expended by the company and the matters in respect of which the receipts and expenditure take place;

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- (b) All sales and purchases of goods by the company;
- (c) All assets and liabilities of the company; and
- (d) In case of company pertaining to any class of companies engaged in production processing, manufacturing, or mining activities such particulars relating to utilization of labour or material or to other items of costs as may be prescribed if such class of companies required by the Central Government to include such particulars in the books of account.

Under section 210 of the act, the board of directors of every company shall lay before the company at every general meeting of the company;

- (i) A balance sheet as at the end of the financial year;
- (ii) A profit and loss account of income and expenditure account as the case may be for that financial year (alongwith reports of the board of directors and the Auditors of the company).

Procedure for preparation, finalization of balance sheet and Profit and Loss A/c.

1. At the close of the financial year of the company, the controller of account should prepare Trial Balance, Manufacturing Trading Profit and loss A/c. (income & expenditure Account for non-profit making company), profit and loss appropriation account and Balance sheet as at the close of the financial year. It should be ensured that the annual accounts are being prepared in accordance with the schedule VI and XIV to the companies Act, 1956.
2. The basic/primary accounts are to be kept and maintained at the registered office of the company. However, they can be kept and maintained at a place other than the registered office of the company for this purpose-
 - (i) Call a Board meeting by giving notice in writing to all the directors under section 286 of the act.
 - (ii) Hold a meeting of the board and pass a resolution for keeping accounts at a place other than the registered office.
 - (iii) File the certified true copy of the resolution with the concerned registrar of companies within seven days of passing such resolution, with requisite filing fees.
3. **The accounts are to be prepared on a going concern basis and on accrual basis** by following all the applicable accounting standards and proper and sufficient case is taken in maintenance of adequate accounting records in pursuance of the provisions of the act.
4. Internal audit and statutory audit of the accounts is a continuous process. Hence, the annual accounts and finalized should be duly audited.
5. After the annual accounts have been audited, these are required to be approved by the Board of directors:
 - (i) For the purpose, **call a Board meeting** by giving a notice in writing to all the directors under section 286 of the act.
 - (ii) If the company is listed, notice of such board meeting should also be sent to the stock exchange where the company is listed
 - (iii) Hold the board meeting and approve the draft annual accounts duly audited and the same be authenticated by the directors and secretary as provided in section 215 of the act.
 - (iv) Such approved annual audited accounts together with director's report, auditor's report compliance certificate of applicable and notice of meeting will be sent to the members, directors, auditors of the company and others entitled as provided in the act.
 - (v) The annual accounts and reports are to be laid before the annual general meeting of the members of the company for their adoption. For the purpose, the maximum period is prescribed six months fro the date of closing of the financial year in case of subsequent annual general meeting and in case of first annual general meeting nine months from the date of closing of accounts.

(For specimen resolution of the board, please see Annexure III)

6. In the case of preparing and finalizing the annual accounts not in the form prescribed or not in accordance with instruction provided in the schedule VI to the companies Act. The provisions of section 211 of the act shall be complied with by following the procedure as under:

- (i) Convene a board meeting after giving notice in writing to all the directors of the company as per section 286 of the Act.
- (ii) Hold the board meeting and get approval to the proposed deviation from the prescribed form and/or instruction prescribed in the schedule VI of the Act.
- (iii) Apply to the Central Government pursuant to section 211(1) of the Act on the letterhead of the company by way of a letter, as there is no prescribed form for application under this section.
- (iv) It is to be addressed to the under secretary, Government of India Department of company affairs, ministry of law, justice and company affairs, Shashtri Bhavan, Dr. Rajendra Prasad Road, New Delhi – 110001.
- (v) It is to be enclosed with the following:
 - (a) Starting the justifiable reason for making deviation from the form or instruction for preparation balance sheet and profit and loss account;
 - (b) Proposed From the balance sheet and/or profit And loss account, if any;
 - (c) Certified copies of printed annual reports and accounts for the last three years;
 - (d) Certified copy of the board resolution in this regard;
 - (e) Demand draft evidencing payment of the requisite fees; or treasury challan (in duplicate) after depositing requisite fees in the specified branch of Punjab National Bank to the credit of the head of account as prescribed for the purpose.
- (vi) Send simultaneously a complete set of the application to the concerned registrar of companies.
- (vii) Follow up with the office of registrar of companies for getting the favourable recommendation forwarded to the Central Government.
- (viii) Obtain approval of the Central Government then only prepare annual accounts in the proposed manner otherwise in the prescribed form, in accordance with the instructions and provisions of the Act and rules provide in this regard.
- (ix) Mention about approval of Central Government so obtained in the Annual accounts by way of a note.
- (x) Send a copy of approval to the concerned registrar of companies while filing copies with the Registrar of company.