**UNIT – 3**

**BUSINESS LETTER**

It is a letter written in formal language, used when writing from one business organization to another, or for correspondence between such organizations and their customers, clients and other external parties. They are used for different purposes; like placing orders, making inquiries’, making credit request, requesting claims and adjustment, to apologize for a wrong or simply to convey goodwill. etc.

Even today, they are very useful because it produces a permanent record, they are confidential, formal and delivers persuasive, well-considered messages. Style of letter depends on the relationship between the parties concerned.

In our day to-day life we exchange our ideas, thoughts and other information with our

friends, relatives and other people. Sometimes we directly talk to them and sometimes

we also write letters to them. In letters we express our feelings in a few words, we

may ask for any information or we may write about a complaint in connection with

our problems. Similarly businessmen also exchange ideas, information by writing

letters. They communicate business information to customers, suppliers and others

and at the same time receive a variety of letters from them. In this lesson let us know

about different types of letters used in the process of business transactions.

**Importance of Business Letter**

Letter is as an indispensable tool of [communication in business](https://thebusinesscommunication.com/). Business letters are used to sell the products, make an inquiry about customers or prices of goods, seek information and advice, maintain good public relation, increase goodwill and perform a variety of other business functions. With the continuous growth of commerce and industry, usefulness and importance of business letter are also increasing gradually. Some points highlighting the benefits or importance of business letter are discussed below:

* **Exchanging business information:** Letters are the most economical and convenient means of exchanging information. With the help of letters, executives can easily exchange information with customers, suppliers, investors, government offices; regulatory authorities etc.
* **Establishing business relationship:** Business letter plays an important role in establishing and maintaining relationship with various parties. Business letters reduce the distance between a business and its customers, suppliers, creditors and other public groups.
* **Creation of markets:** Circular letter a form of business letter, helps to create new markets for goods and services. This letter contains information about utility, features and usefulness of the products and induces the customer to buy the products.
* **Substitute to personal visit:** Introduction of letters in business world relieves the business executives’ form visiting their clients, suppliers, creditors and other public groups by traveling a long distance. For this reason, commercial letters are called alternative technique to a personal visit.
* **Saving cost and time**: Business letters relieve busy executives from visiting personally their clients and other concerned parties. Therefore, valuable time and costs can be saved.
* **Maintaining secrecy**: Business letters also help to maintain secrecy of information. Non one other than the sender and receiver can know the message contained in the letter.
* **Increasing goodwill:** Business letters, like inquiry letter, circular letter, order acknowledgment letter, adjustment grant letter, etc help to increase goodwill of a business with the customers.
* **Formal agreement**: Business letter acts as formal agreement between buyer and seller. For example, an order letter contains name of items, price, and quantity, time of delivery and mode of payment. All these are regarded as the conditions of an agreement between buyer and seller.
* **Settlement of transaction:** Commercial letters have paramount importance in setting business transaction. For example, by writing a claim letter, buyer can raise his claims to the seller by writing collection letters; seller can collect dues from the customers.
* **Use as reference:** Information exchanged through letters can be preserved permanently and used as reference when need arise. Therefore, making business decisions becomes easier.
* **Legal acceptance**: Business letter is an acceptable document in the eye of law. It can be stored and produced as documentary proof.
* **Assistance in local and international trade**: Bothe local and foreign trade essentially requires the help of various business letters. Through letters, businessperson make inquiry about products and prices place orders for goods collect the dues make and settle claims etc.

**TYPES OF BUSINESS LETTERS**

**1- Sales Letter -**This is the most common form of a business letter that is used in almost every field. The sales letter serves as an introduction for the customer about the [product](https://www.marketing91.com/what-is-a-product/) and/or the company. The purpose of a sales letter is to ensure that the reader takes an action and that is why strong calls to action are included in it. The call to action includes a website link, phone number, social media handles, etc. which would connect the customer with the company for further info.

**2- Order Letters** - As the name suggests, these are types of Business letters that are sent solely for the purpose of placing orders and they may be sent to wholesalers, retailers, or a manufacturer.

The order letter includes all the relevant details related to the order such as invoice or receipt number, product details along with specifications, quantity of the order, Sales tax number and other details related to the manufacturer and a figure indicating the total amount of the order.

## 3- Complaint Letter - Complaint letters are the types of Business letters written by one party to another party or entity to convey dismay about a certain issue. Complaints are indicators that something has went wrong and that has been indicated by a formal business letter. A customer may issue a product complaint letter to address something that is wrong with the product or to highlight a deficiency in services leading to dissatisfaction.

## 4- Adjustment Letters - Adjustment letters are the ones that are sent to the customers as a response to their claim or complaint. The adjustment can be either in customers’ favor in which case, the letter should begin accordingly and if it is not in the favor of the customer, the tone should be kept factual with a message that you understand the complaint.

**5- Apology letter -** An apology letter is written in order to express regret regarding a certain matter, which says the acknowledgment of mistake or issue or error along with an apology. It is a way of showing sincere regret towards the mistake along with the steps to rectify it or make necessary changes to try and undo the damage.

Apology letter may be issued by the company for the customer or to the dealer or even to an internal stakeholder.

**6- Inquiry Letters -** These types of business letters are sent for inquiry about certain information. The primary purpose is to know about something or if someone has any query which [needs](https://www.marketing91.com/needs-wants-and-demands/) to be answered. The inquiry letter is to be kept short and to the point with directly addressing the inquiry.

The person who asks query is called an inquirer and the inquirer should make sure to include his address and contact details for the authorities to get back to them.

**7- Follow-up letters -** These types of Business letters act as a reminder following up further with the discussion. These letters could be about the business meeting follow-up or about a sales order follow-up or even a job seeker inquiring about his application.

These letters may also combine a Thank you note along with the follow-up message.

**8- Recommendation letter -** A recommendation is needed when a prospective employer asks for references from the candidate before they hire them. A recommendation serves as an assurity about the background and the profile of the candidate.

The recommendation letter can be from anyone like a previous employer, university professor or anyone with whom the candidate has been in contact or worked with before but should not be a direct relative.

**9- Appreciation letters -** These types of communication letters are written by senior management to the junior management for the conveyance of gratitude in order to congratulate them on a job well done or in order to motivate them.

These are generally considered a positive letter displaying a gesture of goodwill which motivates the staff for their work. The appreciation letter is also followed by an appreciation mail and sometimes, with a reward.

## 10- Resignation Letter - A letter that is used to intimate the company that the employee will no longer be serving the organization is called Resignation letter. The resignation letter is short and contains information like date of employment beginning, last day of work, employee code, a request to relieve at earliest and a thank you note for the opportunities given by the organization during employment tenure.

**Parts of a Business Letter**

We have discussed above the qualities of a good business letter. The quality will be

maintained if we give proper attention to each and every part of the letter. Let us now learn

about the different parts of a business letter.

Different parts of a business letter can be as follows-

**1. Heading**

**2. Date**

**3. Reference**

**4. Inside Address**

**5. Subject**

**6. Salutation**

**7. Body of the letter**

**8. Complimentaryclose**

**9. Signature**

**10. Enclosures**

**11. Copy Circulation**

**12. Post Script**

**1. Heading -**The heading of a business letter usually contains the name and postal address

of the business, E-mail address, Web-site address, Telephone Number, Fax Number,

Trade Mark or logo of the business (if any)

**2. Date -** The date is normally written on the right hand side corner after the heading as

the day, month and years. Some examples are 28th Feb., 2003 or Feb. 28, 2003.

3. Reference- It indicates letter number and the department from where the letter is being

sent and the year. It helps in future reference. This reference number is given on the

left hand corner after the heading.

**4. Inside address -** This includes the name and full address of the person or the firm to

whom the letter is to be sent. This is written on the left hand side of the sheet below the

reference number. Letters should be addressed to the responsible head e.g., the

Secretary, the Principal, the Chairman, the Manager etc. Example:

**M/S Bharat Fans The Chief Manager,**

**Bharat Complex State Bank of India**

**Hyderabad Industrial Complex Utkal University Campus**

**Hyderabad Bhubaneswar,**

**Andhra Pradesh – 500032 Orissa- 751007**

**5. Subject -** It is a statement in brief, that indicates the matter to which the letter relates.

It attracts the attention of the receiver immediately and helps him to know quickly

what the letter is about. For example,

Subject: Your order No. C317/8 dated 12th March 2003.

Subject: Enquiry about Samsung television

Subject: Fire Insurance policy

**6. Salutation -** This is placed below the inside address. It is usually followed by a comma

(,). Various forms of salutation are:

Sir/Madam: For official and formal correspondence

Dear Sir/Madam: For addressing an individual

Dear Sirs/Dear Madam: For addressing a firm or company.

**7. Body of the letter-** This comes after salutation. This is the main part of the letter and it

contains the actual message of the sender. It is divided into three parts.

**(a) Opening part -** It is the introductory part of the letter. In this part, attention of the

reader should be drawn to the previous correspondence, if any. For examplewith

reference to your letter no. 326 dated. 12th March 2003, I would like to

draw your attention towards the new brand of television.

**(b) Main part -** This part usually contains the subject matter of the letter. It should

be precise and written in clear words.

**(c) Concluding Part -** It contains a statement the of sender’s intentions, hopes or

expectations concerning the next step to be taken. Further, the sender should

always look forward to getting a positive response. At the end, terms like Thanking

you, With regards, With warm regards may be used.

**8. Complimentary close -** It is merely a polite way of ending a letter. It must be in

accordance with the salutation. For example:

**Salutation Complementary close**

i. Dear Sir/Dear Madam Yours faithfully

ii. Dear Mr. Raj Yours sincerely

iii. My Dear Akbar Yours very sincerely

**9. Signature -** It is written in ink, immediately below the complimentary close. As far as

possible, the signature should be legible. The name of the writer should be typed

immediately below the signature. The designation is given below the typed name. Where

no letterhead is in use, the name of the company too could be included below the

designation of the writer. For example:

Yours faithfully

For M/S Acron Electricals

(Signature)

**10. Enclosures -** This is required when some documents like cheque, draft, bills, receipts,

lists, invoices etc. are attached with the letter. These enclosures are listed one by one

in serial numbers. For example :

Encl :

(i) The list of goods received

(ii) A cheque for Rs. One Thousand dtt. Feb. 27,2003 (Cheque No........)

towards payment for goods supplied.

**11. Copy circulation -** This is required when copies of the letter are also sent to persons

apart of the addressee. It is denoted as C.C. For example,

C.C. i. The Chairman, Electric Supply Corporation

ii. The Director, Electric Supply Corporation

iii. The Secretary, Electric Supply Corporation

**12. Post script -** This is required when the writer wants to add something, which is not

included in the body of the letter. It is expressed as P.S. For example,

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

**Format of a Business Letter**

**Tel. Name of the firm E-mail:**

**Fax Postal Address Website:**

**Ref. Dated:**

**To**

**Name and**

**address of the person to whom letter is sent**

**Subject:**

**Salutation,**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Opening part \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Main part \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Concluding part \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

**Complementary close**

**Signature**

**(name)**

**Designation**

**Enclosures**

**CC**

**PS**