

# CA IPCC

## Group I

Law, Ethics & Communication

**COMMUNICATION**

*(including RTPs & previous year exam questions)*



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## Preface

**Dear Students,**

This book covers the **COMMUNICATION** part of CA IPCC Paper 'Law, Ethics and Communication'. There has been a dedicated and sincere effort to create these notes. The main focus has been kept on the Presentation part as 100% notes are in **Tabular Form with inclusion of Charts and diagrams**.

The notes are the most updated ones. Additionally, for practice more than 200 Questions have been provided, which includes **Exam Questions asked by ICAI upto May 2018 Exam and RTP questions upto Nov 2018**.

Though considerable care has been taken to make the book error free yet some unintended errors may have crept in for which I feel apologies. But as '**the road to improvement is never ending**', I would welcome the suggestions, criticism and feedback of this book for the incorporation of necessary changes in a timely manner. The readers may post their suggestions, feedback and queries on email id [shikhabhati27@gmail.com](mailto:shikhabhati27@gmail.com).

*"Lehron se darkar nauka paar nahin hoti, koshish karne walon ki kabhi haar nahin hoti. Milte nahin sahai hi moti gehre pani mein, mutthi uski khaali har baar nahin hoti, koshish karne walon ki kabhi haar nahin hoti."*

With Best Wishes

Shikha Garg

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## ⇒ Communication

<b>Meaning</b>	<ul style="list-style-type: none"> <li>✓ Communication is the process by which information is transmitted between individuals and/ or organisations.</li> <li>✓ It is an exchange of facts, ideas, opinions or emotions by two or more persons.</li> </ul>
<b>Features</b>	<ul style="list-style-type: none"> <li>✓ It's a two way process.</li> <li>✓ It's pervasive, i.e. it is essential in all types of organizations and at all levels of management.</li> <li>✓ Communication is an ongoing process.</li> <li>✓ Communication is the principal means by which members of an organisation work together.</li> <li>✓ It flows in different directions within the organisation : downward, upward, horizontally and diagonally.</li> <li>✓ Communication is a dynamic process.</li> <li>✓ Communication is a goal-oriented process.</li> </ul>
<ul style="list-style-type: none"> <li>☞ No organization can function effectively without communication.</li> <li>☞ The basic purpose of communication is to create mutual understanding by giving/seeking information, persuading/influencing others and eliciting actions.</li> <li>☞ Communication is the “life-blood” of an organisation.</li> <li>☞ Communication motivates people to strive their best achieving the goals of the enterprise.</li> <li>☞ Organizational communication consists of a flow of messages through several networks.</li> </ul>	

## ⇒ Factors Responsible for the Growing Importance of Communication

<b>Growth in the size and multiple locations of organization</b>	<ul style="list-style-type: none"> <li>✓ In the current scenario, when most of the organisations are growing larger in size, the people working in these organisations may be spread over different parts of the world.</li> <li>✓ It becomes essential to provide effective lines of communication.</li> </ul>
<b>Growing specialization</b>	<ul style="list-style-type: none"> <li>✓ Narrow division of work results in different activities being handled by different departments.</li> <li>✓ Sound communication is essential for ensuring mutual co-operation and understanding between different departments.</li> </ul>
<b>Increasing competition</b>	<ul style="list-style-type: none"> <li>✓ With so many of competitors around, it becomes important to keep an eye on the surroundings.</li> <li>✓ The strengths and weaknesses of the other players are to be studied time to time, with framing our strategies. Communication helps in such transmission of information.</li> </ul>
<b>Growth of trade unions</b>	<ul style="list-style-type: none"> <li>✓ Trade unions have been growing strong for some time. And, to be successful management has to take trade unions into confidence.</li> <li>✓ Regular exchange of information and ideas between managers and union officials helps to maintain healthy relations between them.</li> </ul>
<b>Technological advancement</b>	<ul style="list-style-type: none"> <li>✓ The world is changing very fast, owing to scientific and technological advancements and to keep pace with such advancements is the key to success.</li> </ul>

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	<ul style="list-style-type: none"> <li>✓ Proper communication between superiors and subordinates addresses this challenge adequately.</li> </ul>
<i>Advances in Behavioural Sciences</i>	<ul style="list-style-type: none"> <li>✓ Modern management is deeply influenced by exciting discoveries made in behavioural sciences like psychology, sociology, transactional analysis etc.</li> <li>✓ Right communication helps in developing a positive attitude towards life and building up meaningful relationships.</li> </ul>
<i>Public relations</i>	<ul style="list-style-type: none"> <li>✓ Every organisation has got a lot of stakeholders in the form of customers, government, suppliers and the public at large and is having a social responsibility towards them.</li> <li>✓ To communicate with such people time to time by addressing their various concerns is essential to sustain in market.</li> </ul>
<i>Growing importance of human relations</i>	<ul style="list-style-type: none"> <li>✓ Workers in an organisation come with their own hopes and aspirations.</li> <li>✓ Only the effective communication can help in it's recognition and then integrating the same with the business objectives.</li> </ul>

## Process of Communication

### Sender (Source)

The process of communication begins with a sender, the person who has an idea and wants to share it.

### Encoding

It means to put the ideas or facts into words, symbols, pictures or gestures by the sender. Words and symbols used should be carefully selected.

### Message

A message is any signal that triggers the response of a receiver. Messages could be verbal (written or spoken) or nonverbal (such as appearance, body language, silence, sounds, yawns, sighs etc.)

### Channel

It means the way and the medium by which the message is transmitted.

The choice of channel or medium (written or oral) is influenced by the inter relationships between the sender and the receiver. It also depends upon the urgency of the message being sent.

### Receiver

The person to whom the message is directed & who attaches meaning to the message is the receiver.

### Decoding

It means interpretation of the message by the receiver. The receiver attaches meaning to the words or symbols received.

### Feedback

The response of a receiver to a sender is known as feedback. It may be oral, written or even by a gesture. Feedback is an important component of the communication process, because the success or failure of the communication is decided by the feedback.

## FORMS OF COMMUNICATION

Formal Communication

Informal Communication

### ⇒ Formal Communication

- ✓ A formal communication flows along prescribed channels which all members who want to communicate are under an obligation to follow.
- ✓ Communication in an organisation is multidimensional or multidirectional.
- ✓ Given below are the directions in which communications are sent :

	Meaning	Example	Merits	Demerits
<b>Downward</b>	Senior To Subordinate	Order or instruction	Prevention/ correction of employee errors Greater job satisfaction Improved morale	Creates an authoritarian atmosphere in the workplace Insufficient or unclear messages Message overload Message distorted as it passes through one or more intermediaries
<b>Upward</b>	Subordinate To Senior	Regional manager to general manager	Prevention of new problems Solution of old problems Increased acceptance of management decisions	Superiors may discourage, disregard or downplay importance of subordinates messages Superiors may unfairly blame the subordinates for unpleasant news
<b>Horizontal or Lateral</b>	Same Level	Production manager to purchase manager	Increased cooperation among employees with different duties Greater understanding of organisation's mission	Rivalry may occur between employees from different areas Specialization makes understanding difficult Information overload Physical barriers discourage contact Lack of motivation
<b>Diagonal or Crosswise</b>	Different Department & Levels Persons	Sales manager to legal trainee	Expedites information transfer Improves understanding since flow of information through regular chain of command is very much time consuming and quality of understanding is also likely to suffer.	Create confusion and difficulties Affects unity of command

## INTERDEPARTMENTAL COMMUNICATION

- ☞ The word department comes from the French word *departir*, which means “to Separate.” As an organisation is the sum total of various departments operating, thus the communication between these is essential to collaborate and achieve the objectives of the organisation.
- ☞ Most organizations, to some degree, have difficulties with interdepartmental communication.

Major causes of interdepartmental communication problems are:

### Departments Are Physically Separated

Office design may create barriers to effective interdepartmental relationships. Office design usually determines, who has access to whom by creating barriers to some departments and bridges to others.

### Departments Perform Separate Functions

Barriers are also caused by different priorities. What may be the priority for one department may be the last priority for other department. Departmental managers fight over scarce resources, prestige to improve their departmental performance rather than unifying their objectives with that of the organisation.

## **Advantages of Formal Communication**

<i>Effective</i>	
<i>Widespread</i>	
<i>Filtered Information</i>	
<i>Consolidated</i>	
<i>Future Reference</i>	
<i>Checks Rumours</i>	
<i>Fixation of Responsibility</i>	

## **Disadvantages of Formal Communication**

<i>Expensive</i>	
<i>Time consuming</i>	
<i>Rigid</i>	
<i>Non modification of message</i>	
<i>Feedback</i>	

## ⇒ **Informal Communication**

- ✓ Along with formal communication, there exists an informal channel of communication, which works at a wider scale.
- ✓ Thus, the rumour mill is always working in any organisation. It is also called as the ‘**grapevine**’.
- ✓ Any informal communication about company and personal matters outside the official network constitutes grapevine. Many times, it also contains some useful information. Hence, it cannot be altogether ignored.

### **FACTORS LEADING TO THE GRAPEVINE PHENOMENON**

Feeling of uncertainty or lack of sense of direction when the organisation is passing through a difficult period.	Feeling of inadequacy or lack of self confidence on the part of the employee, leading to the formation of groups.	Formation of a favoured group by the manager, giving other employees a feeling of insecurity or isolation.
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**NEVER GIVE UP. BE POSITIVE.**

## GRAPEVINE CHAINS

Specialists in this field have identified four types of grapevine chains :

<b>Single Strand Chain</b>	In this type of chain, 'A' tells something to 'B' who tells it to 'C' and so on. This type of chain is the least accurate in passing on the information or message.	
<b>Gossip Chain</b>	The person tells everyone the information he has obtained. This chain is often used when information or a message regarding a 'not-on-job' nature is being conveyed.	
<b>Probability Chain</b>	In it, individuals are indifferent to the persons to whom they are passing some information. The information is somewhat interesting but not really significant.	
<b>Cluster Chain</b>	In this type of chain, 'A' tells something to a few selected individuals and then some of these individuals inform a few other selected individuals. It has been found out that the cluster chain is the dominant grapevine pattern in an organisation. Generally only a few individuals, called 'Liaison individuals' pass on the information they have obtained and then they are likely to share it with the people they trust.	

## **MERITS OF THE GRAPEVINE PHENOMENON**

<b>Speedy transmission</b>	<ul style="list-style-type: none"> <li>✓ The grapevine works with surprising speed and is often faster than official channels; information gets disseminated very promptly.</li> <li>✓ The very moment a worker comes to know something 'top secret' or 'confidential', he passes it on to others.</li> </ul>
<b>Feedback value</b>	✓ The superiors in an organisation get the feedback regarding their policies, decisions, memos etc. through the grapevine. The feedback reaches them much faster through the informal channel than through the formal channel.
<b>Support to other channels</b>	✓ The grapevine or informal channel functions as a supplementary or parallel channel of communication.
<b>Psychological satisfaction</b>	✓ The informal network of communication represents natural desire of people in the organization to interact and communicate with each other.
<b>Certain important information</b>	<ul style="list-style-type: none"> <li>✓ It is also useful for disseminating certain information which, in the general interest of the organization, could not be transmitted through the official channels.</li> <li>✓ <i>Example : Cases that led to sudden resignation of a manager may be communicated through the grapevine without giving members of the organization the impression that he was the victim of some unfair top management action.</i></li> </ul>
<b>Sense of unity</b>	✓ During periods of insecurity and uncertainty, the grapevine gives members of the organisation an outlet to freely express their fears, attitudes and thoughts.

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**DEMERITS OF THE GRAPEVINE PHENOMENON**

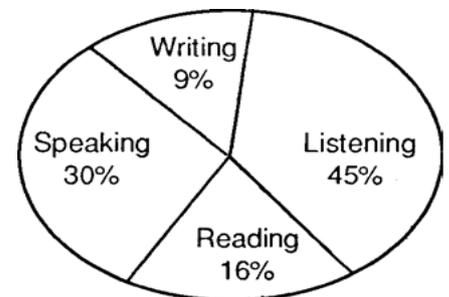
<b>Spreads rumours</b>	✓ Generally, any information having some crisp is spread out without believing in it's truth.
<b>Less Credible</b>	<ul style="list-style-type: none"> <li>✓ The information spread through the grapevine is less credible than the one given by the formal channel.</li> <li>✓ It can't be always taken seriously as it spreads information through the word of mouth.</li> </ul>
<b>Incomplete information</b>	✓ The grapevine does not always carry the complete information. Thus one may not get the complete picture on its basis.
<b>Negative image of organization</b>	✓ As the information carried is not always true, thus any leakage of same outside the organistaion may cause potential harms to it's image.
<b>Unpredictable behavior</b>	<ul style="list-style-type: none"> <li>✓ Since it is spontaneous, it has no definite pattern. Generally, a few persons are usually found active participants in the grapevine.</li> <li>✓ The path and behaviour of the grapevine is also unpredictable.</li> </ul>
<b>Lower Productivity</b>	✓ The time spent by the workers in this chain of communication lowers their productivity.
<b>Difficulty to fix responsibility</b>	✓ Since there is no evidence of the communication through this channel, it becomes almost impossible to fix the responsibility of the person.

## VERBAL COMMUNICATION

- Verbal communication involves use of words.
- Words may be spoken or written.
- Accordingly, verbal communication can be **oral or written communication**.

### ⇒ Oral Communication

- ✓ Oral communication means spoken communication.
- ✓ This is the most widely used method of communication.
- ✓ Oral communication takes place through face-to-face talks, telephone, and group discussions etc.
- ✓ According to a research, an average manager in general spends only 9% of his/her time in writing, 16% in reading, 30% in speaking and 45% in listening, as shown in the following figure
- ✓ In oral communication, people are able to interact, they can ask questions and even test their understanding of the message.
- ✓ By observing facial expressions, eye contact, tone of voice, gestures, postures, etc., one can understand the message better.



## Seven Cs to make oral communication effective

<i>Clarity</i>	
<i>Candidness</i>	
<i>Completeness</i>	
<i>Conciseness</i>	
<i>Concreteness</i>	
<i>Correctness</i>	
<i>Courtesy</i>	

## Essentials of Oral Communication

Understand the objective	Analyse the receiver	Be sincere
Use simple language	Allow time to respond	Make use of special instead of general words
Be brief and precise	Avoid vagueness	Explain full facts
Assume nothing	Use polite words and tone	Avoid insulting message
Use familiar words rather than technical words		

Advantages	Disadvantages
Personal touch	Requires ability to think, as one speaks
Better understanding with suitable tone, voice and use of words	Hard to control voice pitch and tone, especially under stress, excitement or anger
Economical	A word once uttered cannot be taken back
Makes immediate impact	Time consuming (sometimes)
Secrecy	Lack of responsibility
Provides opportunity for interaction and feedback	Very difficult to be conscious of our body language
Adjustment by the speaker	Attentive listening required
Better for conveying feelings and emotions	
Useful for group communication	

## ⇒ Written Communication

- ✓ It involves transmission of information through letters, notices, circulars, memos, reports, etc. it is important not just internally, but also externally as the organization has to communicate in writing with its shareholders, customers, government agencies etc.
- ✓ In the written form, it may require drafting of letters and circulars, proposals, memos and business reports of varying kinds.

Advantages	Disadvantages
Better for complex and difficult subjects, facts and opinions	Many people do not like reading especially if it is an official or business message
Precision and accuracy because of framing the message with due thought and care	Reader is not helped by non-verbal cues that contribute to the total message
Permanent record	Immediate feedback not available
Easy to fix responsibility	Time consuming
Legal evidence	Lacks flexibility
Can be read at receiver's convenience or pleasure	Never know if the message is ever read
Sufficient time for planning the document	Costly

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Can be revised before transmitting	Lack of secrecy
Can be circulated	Impersonal and remote

## NON-VERBAL COMMUNICATION

- Communication through means other than words (spoken or written) is called non-verbal communication.
- While we use language to communicate explicit information and message content, we use nonverbal communication to convey feelings about another person as well as status and power.
- Pictures, drawings, sounds are often used to convey messages.
- Even silence may be used to convey messages.

### **KINESICS OR BODY LANGUAGE**

- ✓ The science which deals with the study about the body language is called KINESICS. As per a study conducted, 80% of the message is communicated by the body language and remaining 20% by language.
- ✓ It means the communication through the body language i.e. bodily movements, gestures, postures etc.
- ✓ The nodding of our head, blinking of our eyes, waving of our hands are expressions of our thought and feelings.  
All these movements are the signals that our body sends out to communicate.
- ✓ Just as language uses sets of symbols to convey meaning, our body, consciously as well as unconsciously, conveys messages, attitudes, moods, status, relationships etc.
- ✓ Nervousness, anger, fear, determination, horror, sympathy, pity, lack of understanding, disinterestedness, resentment can be much better expressed through the body language than through words.

### **PARALANGUAGE**

- ✓ The term paralinguage is used to describe a wide range of vocal characteristics like tone, pitch, and speed etc.
- ✓ These vocal cues accompany spoken language which help to express and reflect the speaker's attitude.

<b>Pitch Variation</b>	Wide variations in pitch while speaking are necessary to catch the listener's attention and to keep them interested in us.
<b>Speaking speed</b>	Speaking fast or at a high speed is not fluency. Speed has to be adjusted while conveying different parts of a message.
<b>Pause</b>	It's very important to take the pauses, at the right moments for effective communication, to emphasise the upcoming subject and in gaining the listener's attention. Too frequent pauses, however spoil the speech.
<b>Volume variation</b>	Our speech should be loud enough to be audible to the audience, to retain the interest of the listeners. However, it should not be too loud to put them off.
<b>Non - fluencies</b>	Utterances like 'oh', 'ah', 'um', 'ok' etc. are known as non- fluencies. These give the speaker breathing time but frequent non-fluencies may irritate the listener.
<b>Word Stress</b>	Proper word stress is of crucial importance in communication. By putting stress or emphasis on a word, the meaning and it's interpretation can be easily ascertained with clarity.

**ARTIFICIAL COMMUNICATION/ ADORNMENT/ ARTIFACTUAL COMMUNICATION**

- ✓ It is the communication by use of personal adornment like clothing, accessories, makeup, hairstyle etc.
- ✓ It provides important non verbal cues about one’s age, social and economic status, educational level, personality etc.

**CHRONEMICS OR TIME LANGUAGE**

- ✓ It is the study of how we use time to communicate.
- ✓ While some people function better in the morning, others perform best at night. Punctuality is an important factor in time communication.
- ✓ Misunderstandings relating to time can create problems in business relationships.
- ✓ *Example :*

**HAPTICS**

- ✓ It is communication through touch.
- ✓ Touch reveals our perceptions of status, our attitudes and even our needs.
- ✓ *Example :*

**SILENCE**

- ✓ Silence can be sometimes more expressive than words.
- ✓ Silence can effectively communicate a number of response - respect, fear, resentment, lack of interest etc.
- ✓ The most effective use of silence can be made by giving a slight pause before or after making an important point during a speech.

**PROXEMICS/ SPACE LANGUAGE**

- ✓ It refers to the space that exists between us when we talk or relate.

<b>Intimate</b>	Physical contact to 18 inches	
<b>Personal</b>	18 inches to 4 feet	
<b>Social</b>	4 to 12 feet	
<b>Public</b>	12 feet to as far as we can see or hear	

**⇒ Benefits of Effective Communication**

- Only through effective communication both inside and outside, an organisation, becomes an open system interacting with its environment.
- Effective internal communication works towards disseminating the goals of an enterprise, evolving plans for their achievement, organizing human and other resources in an efficient way, selecting, developing and appraising members of the organisation, leading, motivating and encouraging people to put in their best and controlling performance.

<b>Improved stakeholder response</b>	
<b>Quick problem solving</b>	
<b>Strong business relationships</b>	
<b>Enhanced professional image</b>	

<i>Steady work flow</i>	
<i>Stronger decision making</i>	
<i>Increased productivity</i>	

## ⇒ Barriers to Effective Communication

<b>Noise</b>	<ul style="list-style-type: none"> <li>✓ Noise is the first and foremost barrier to communication. Noise refers to the distracting element which breaks the communication of the sender or the receiver. It means “interference that occurs in a signal and prevents you from hearing sounds properly.” Adverse weather conditions or problem in public address system may be a reason for noise.</li> <li>✓ Some of the sources contributing towards noise factors are as follows :</li> </ul>	
	<b>Poor Timing</b>	<b>Inappropriate Channel</b> <b>Network Breakdown</b>
<b>Lack of Planning</b>	<ul style="list-style-type: none"> <li>✓ Communication is not a casual affair. And without planning, the whole purpose may be lost. Lack of planning regarding channel of communication, suitable time and place may not lead to effective communication.</li> <li>✓ Managers have to communicate individually with people at different levels – superiors, subordinates, peers, customers and public figures. Thus, they have to carefully plan each and every minutest detail.</li> </ul>	
<b>Semantic Problems</b>	<ul style="list-style-type: none"> <li>✓ Semantic refer to the systematic study of the meaning of the words and signs. Simplicity, clarity, and brevity reduce semantic barriers of communication. Problem arising from expression or transmission of meaning are called semantic barriers.</li> </ul>	
	<b>Words with different meaning</b>	<ul style="list-style-type: none"> <li>✓ Communication is mainly carried through spoken and written words. Words though being limited in number, may be used in unlimited ways. It is not always necessary for the meaning in the mind of the sender to be the same as in the mind of receiver.</li> </ul>
	<b>Bad Expression</b>	<ul style="list-style-type: none"> <li>✓ When the message is not formulated and presented in the proper manner, the receiver fails to comprehend it and misunderstanding occurs. A badly expressed message causes loss of valuable time and money as it requires further corrections and clarifications.</li> </ul>
	<b>Faulty Translation</b>	<ul style="list-style-type: none"> <li>✓ Often people translate words in literal sense, thereby losing the spirit behind the word. Inaccurate translation leads to misunderstanding and confusion. When different part of the message is contradictory, the receiver gets confused over their reliability and validity.</li> </ul>
	<b>Unclear Assumption</b>	<ul style="list-style-type: none"> <li>✓ It's very important to be clear about all the facts while communicating. A wrong assumption in the mind of either sender or receiver may damage the whole process of communication.</li> </ul>
<p>One should aim at clarity, simplicity and brevity so that the receiver gets the intended meaning.</p>		
<b>Cultural</b>	<ul style="list-style-type: none"> <li>✓ In a culturally diverse world, it is not always necessary that only the people of</li> </ul>	

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<b>Barriers</b>	<p>same culture communicate. The same category of words, phrases, symbols, actions, colours mean different things to people of different countries or different cultural backgrounds.</p> <ul style="list-style-type: none"> <li>✓ For example, in the North American States a sign of 'O' made with the forefinger and thumb stands for 'OK' while in the Southern States it is construed as obscenity.</li> <li>✓ One has to be sharp to understand the other's culture to communicate effectively.</li> </ul>
<b>Socio-Psychological Barriers</b>	<ul style="list-style-type: none"> <li>✓ The attitude and opinion of a person, his place in society and status consciousness arising from position in the hierarchical structure of the organization, relations with peers, seniors, juniors and family background deeply affect one's ability to communicate both as a sender and receiver.</li> <li>✓ All these lead to psychological distancing which further leads to breakdown of communication or miscommunication.</li> </ul>
<b>Emotions</b>	<ul style="list-style-type: none"> <li>✓ Emotions play a very important role in our life.</li> <li>✓ Both encoding and decoding of messages are influenced by our emotions.</li> <li>✓ A message received when we are not happy will have a different meaning for us than when we are calm and composed.</li> </ul>
<b>Selective Perception</b>	<ul style="list-style-type: none"> <li>✓ Selective perception means that the receivers selectively see and hear depending upon their needs, background, motivations, experience and other personal characteristics.</li> </ul>
<b>Filtering</b>	<ul style="list-style-type: none"> <li>✓ Filtering means that the sender of a message manipulates information in such a way that it will be seen more favourably by the receiver.</li> <li>✓ Only that information is passed on to the next level, which will be beneficial for the sender in the long run.</li> <li>✓ Thus, the receiver may not receive the correct and the objective information ever.</li> <li>✓ The more vertical levels in the organisation, the more chances there are for filtering.</li> <li>✓ For example : a subordinate may hold back certain unpleasant but important information.</li> </ul>
<b>Information Overload</b>	<ul style="list-style-type: none"> <li>✓ The continuous flow of information from sender to receiver may not give the time to receiver to adjust and accordingly, the whole purpose of communication may be defeated.</li> </ul>
<b>Poor Retention</b>	<ul style="list-style-type: none"> <li>✓ People usually forget the messages received by them and there may arise the necessity to repeat the message and use more than one medium to communicate the same message.</li> </ul>
<b>Poor Listening</b>	<ul style="list-style-type: none"> <li>✓ Listening is an important part of the communication. Whatever the sender is communicating, has to be understood by the receiver in same sense for which active listening is essential.</li> </ul>
<b>Goal Conflicts</b>	<ul style="list-style-type: none"> <li>✓ Various divisions in the organisation have different goals. Very often clashes of the goals of various units and sub-units of an organisation lead to communication breakdowns, which may further lead to non achievement of organisation's objectives.</li> </ul>
<b>Offensive Style of Communi-</b>	<ul style="list-style-type: none"> <li>✓ It is always better to adopt persuasive style of communication rather than offensive. The offensive style of communication may lead to communication breakdown as the relations between the parties get strained.</li> </ul>

<b>cation</b>	
<b>Insufficient Period for Adjustment</b>	✓ As people respond to change in different ways, it becomes important to give them sufficient time for adjustment, once the matter has been communicated.
<b>Loss by Transmission</b>	✓ In the ongoing process of passing of information, the information gets diluted. In order to reap the benefits of communication, the intended message must reach the recipient in its entirety.
<b>Frame of Reference</b>	✓ Every individual has a unique frame of reference formed by a combination of his experiences, education, culture, attitude etc. resulting in biases and different experiences in a communication situation. One needs to adopt an open approach while interpreting the message.

## ⇒ Overcoming Barriers to Communication/ Guidelines for Effective Communication

Clarity of thought and expression	Conciseness i.e. inclusion of only relevant details
Completeness of message	Socio-psychological background of the receiver
Correctness of message	Objectivity
Developing proper interpersonal relations	Use Grapevine
Active listening	Elimination of noise
Timely (no undue delay in communication)	Timely Feedback

### **Blast From The Past**

1.	N 09 (5 M)	What are the merits and demerits of grape-vine form of Communication?
2.	N 10 (4 M)	State reasons for selecting the oral mode of communication instead of the written mode of communication.
3.	N 10 (4 M)	Explain the various forms of formal communication.
4.	M 11 (4 M)	"Importance of communication is increasing day-by-day in the business organizations". State the reasons for this increasing importance.
5.	M 11 (4 M)	How is "noise" a barrier to effective communication?
6.	M 11 (4 M)	Explain the merits and limitations of oral communication.
7.	N 11 (4 M)	Point out the factors which lead to grapevine communication.
8.	N 11 (4 M)	What do you understand by the "Semantic Barriers" to communication?
9.	M 12 (5 M)	Explain the socio-psychological barriers of communication in relation to an organization.
10.	M 12 (4 M)	What do you understand by non-verbal communication? Explain its methods in brief.
11.	N 12 (4 M)	State the advantages of formal communication.
12.	N 12 (5 M)	Explain clearly the different types of grapevine chains in an informal communication.
13.	M 13 (4 M)	'Communication is the life blood of a business organization.' In this reference state the factors which have increased the importance of communication in the present business world.
14.	M 13 (4 M)	State reasons for selecting "oral mode of communication".

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15.	N 13 (4 M)	State the major advantages of formal communication.
16.	M 14 (4 M)	Briefly explain the "Grapevine Chains" propounded by the experts in relation to informal way of communication.
17.	M 14 (5 M)	What important factors should be considered to make oral communication effective?
18.	N 14 (4 M)	Explain the term "Semantic Problems" as the source contributing towards noise factor.
19.	N 14 (4 M)	What are "Socio-psychological Barriers" to effective communication? Explain.
20.	M 15 (5 M)	Explain the 'factors that lead to grapevine communication'.
21.	N 15 (5 M)	State reasons for selecting oral mode of communications instead of written mode of communications.
22.	N 15 (4 M)	Write short notes on the following : (I) Proxemics (II) Haptics
23.	M 16 (4 M)	Explain the term 'Paralanguage' relating to non-verbal communication.
24.	N 16 (4 M)	Explain the "Socio-psychological Barriers" to effective communication.
25.	N 16 (4 M)	Explain clearly the different type of grapevine chains in an Informal Communication.
26.	M 17 (4 M)	What important factors should be considered to make oral communication effective? Explain in brief.

### **Check Your Progress... (Other Important Questions)**

1.	RTP M 12	What are the different ways of non-verbal communication?
2.	RTP N 13	"Importance of communication is increasing day-by-day in the business organizations". State the reasons for this increasing importance.
3.	RTP N 13	What are the elements in the process of communication?
4.	RTP M 14	State the merits and demerits of grapevine phenomenon.
5.	RTP N 14	Explain clearly the process of Communication.
6.	RTP M 15	State the various forms of the formal communication along with their potential benefits in any organisation.
7.	RTP N 15	"Importance of communication is increasing day-by-day in the business organizations". State the reasons for this increasing importance.
8.	RTP M 16	What are the factors that lead to grapevine communication?
9.	RTP M 17	Explain the various forms of formal communication.
10.	RTP M 17	Explain the factors which are responsible for the growing importance of communication of an organization.
11.	RTP N 18	State with reasons whether following statements are correct or incorrect. (i) Rumours and gossips are synonymous. (ii) Lying breaks down the trust between individuals.

## INTERPERSONAL COMMUNICATION SKILLS

### ⇒ Interpersonal Communication

<b>Meaning</b>	<ul style="list-style-type: none"> <li>✓ It refers to communication among two or more persons.</li> <li>✓ It takes place when one person communicates with the other face to face or through telephone, electronic mail, meetings, letters etc.</li> <li>✓ Both the persons involved bring their own perceptions into picture.</li> </ul>
<b>Features</b>	<ul style="list-style-type: none"> <li>✓ It may be formal or informal.</li> <li>✓ People skills or human skills or soft skills or interpersonal skills are an essential ingredient for success in any career.</li> <li>✓ It encompasses active listening, critical thinking and emotional intelligence.</li> </ul>

#### Interpersonal communication differs from other forms of communication as follows :

→ There are few participants involved;
→ People interacting are in close physical proximity to each other;
→ There are many sensory channels used, and
→ Feedback is immediate.

### ⇒ Principles of Interpersonal Communication

<b>Interpersonal communication is inescapable</b>	<ul style="list-style-type: none"> <li>✓ The very attempt not to communicate communicates something. Through not only words, but through tone of voice and through gesture, posture, facial expression, etc., we constantly communicate to those around us and through these channels, we constantly receive communication from others.</li> </ul>						
<b>Interpersonal communication is irreversible</b>	<ul style="list-style-type: none"> <li>✓ Once a word goes out of mouth, it cannot be taken back.</li> <li>✓ The effect of what has been said is bound to be there whether it was said intentionally or not.</li> </ul>						
<b>Interpersonal communication is complicated</b>	<ul style="list-style-type: none"> <li>✓ No form of communication is simple.</li> <li>✓ Because of the number of variables involved, even simple requests are extremely complex.</li> <li>✓ Words (symbols) do not have inherent meaning and everybody may interpret the words in different manner.</li> </ul>						
<b>Interpersonal communication is contextual</b>	<ul style="list-style-type: none"> <li>✓ Communication does not happen in isolation. It always takes place in a particular context.</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #cccccc;"><b>Psycho-logical context</b></td> <td> <ul style="list-style-type: none"> <li>✓ It refers to who the communicators are and what they bring to the interaction.</li> <li>✓ Their needs, desires, values, personality etc. all form the psychological context.</li> </ul> </td> </tr> <tr> <td style="background-color: #cccccc;"><b>Relational context</b></td> <td> <ul style="list-style-type: none"> <li>✓ It is concerned with the nature of interaction and reactions and the way it all affects the communication process.</li> </ul> </td> </tr> <tr> <td style="background-color: #cccccc;"><b>Situational context</b></td> <td> <ul style="list-style-type: none"> <li>✓ It refers to the social concept of communication.</li> <li>✓ For Example, an interaction that takes place in a classroom will be very different from one that takes place in a formal meeting.</li> </ul> </td> </tr> </table>	<b>Psycho-logical context</b>	<ul style="list-style-type: none"> <li>✓ It refers to who the communicators are and what they bring to the interaction.</li> <li>✓ Their needs, desires, values, personality etc. all form the psychological context.</li> </ul>	<b>Relational context</b>	<ul style="list-style-type: none"> <li>✓ It is concerned with the nature of interaction and reactions and the way it all affects the communication process.</li> </ul>	<b>Situational context</b>	<ul style="list-style-type: none"> <li>✓ It refers to the social concept of communication.</li> <li>✓ For Example, an interaction that takes place in a classroom will be very different from one that takes place in a formal meeting.</li> </ul>
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<b>Environmental context</b>	<ul style="list-style-type: none"> <li>✓ It is all about the surroundings in which communication takes place.</li> <li>✓ For Example, Furniture location, noise level, temperature, season, time of day etc. are all examples of elements in the environmental context.</li> </ul>
<b>Cultural context</b>	<ul style="list-style-type: none"> <li>✓ It includes all the learned behaviours and rules that affect the interaction.</li> <li>✓ If one comes from a culture where establishing long, direct eye contact is considered rude, one will avoid eye contact. If the other person belongs to a culture where long direct eye contact signals trustworthiness, then it is considered good.</li> </ul>

## ⇒ Functions of Interpersonal Communication

<b>Gaining Information</b>	<b>Establishing Identity</b>
<ul style="list-style-type: none"> <li>✓ People engage in interpersonal communication to gain knowledge about another individual.</li> <li>✓ People attempt to gain information about others to interact with them more effectively.</li> </ul>	<ul style="list-style-type: none"> <li>✓ People engage in interpersonal communication to establish an identity based on relationships.</li> </ul>
<b>Building Understanding</b>	<b>Interpersonal Needs</b>
<ul style="list-style-type: none"> <li>✓ Words may mean different things depending on how they are said or in what context.</li> <li>✓ Interpersonal communication helps to understand better what someone says in a given context. <b>Content Messages</b> refer to the surface level meaning of a message. <b>Relationship Messages</b> refer to how a message is said.</li> <li>✓ The two are sent simultaneously, but each affects the meaning assigned to the communication and helps us understand each other better.</li> </ul>	<ul style="list-style-type: none"> <li>✓ We also engage in interpersonal communication to express interpersonal needs.</li> <li>✓ William Schutz has identified three such needs:                             <ul style="list-style-type: none"> <li>❖ Inclusion is the need to establish identity with others.</li> <li>❖ Control is the need to exercise leadership and prove one's abilities.</li> <li>❖ Affection is the need to develop relationships with people.</li> </ul> </li> </ul>

## ⇒ Tips for Improving Interpersonal Skills

*Lines of communications must be open between people who rely on one another to get work done. Poor interpersonal communications skills, result in low productivity.*

<b>Congruency in communication elements</b>	<b>Listening Effectively</b>
<p><i>The words used in the communication must match with other interpersonal communication dynamics and if it not so, interpersonal communication is adversely affected. Body language, facial expression, posture, movement, and tone of voice help to emphasize the truth, sincerity, and reliability of the communication.</i></p>	<p><i>The process of communication completes, when the message as intended by the sender is understood by the receiver. And, active listening plays its important role in ensuring so. Listening helps to build strong personal relationships.</i></p>

## ⇒ Active Listening

<b>Meaning</b>	<ul style="list-style-type: none"> <li>✓ Listening is considered to be a natural trait, whereas it is not so.</li> <li>✓ Hearing is often confused with listening, but hearing is through ears and listening is by mind.</li> <li>✓ Communication completes, when the message is understood in the same sense as intended by the sender.</li> <li>✓ It is helpful to the speaker in continuing his communication.</li> <li>✓ Appropriate response would not be possible in the absence of active listening.</li> </ul>
<b>Importance</b>	<ul style="list-style-type: none"> <li>✓ It aids the organization in carrying out its mission.</li> <li>✓ It helps individuals to advance in their careers.</li> <li>✓ Active listening avoids conflict.</li> <li>✓ Active listening helps in learning important happenings in the organization.</li> <li>✓ It helps the employees in doing their jobs well.</li> <li>✓ It shows respect towards the speaker.</li> <li>✓ It develops strong personal relationships.</li> <li>✓ Despite these advantages, most workers are poor listeners for a variety of reasons, physiological, environmental, attitudinal, socio-cultural, and educational.</li> </ul>

### Guidelines for Active Listening

- Look at the speaker while communicating.
- Give attention to the speaker.
- Show interest in what the person is saying.
- Keep an open mind.
- Have a positive attitude towards the communication.
- Try to take notes. It keeps the body and mind active.
- Listen to the tone of voice and inflections;
- Be aware of your own feelings and opinions.
- Observe the gestures and body language to understand an unspoken message.
- Keep restating what the person said, to make sure one understands the person clearly.
- Respond appropriately, provide feedback and ask the questions at the right moment. It shows that the person is listening actively to the speaker.

## ⇒ Critical Thinking

### → **Meaning**

- ✓ It means to think logically, analytically and critically by considering all the relevant facts and then being guided by reasoning and experience so as to form a sound belief and judgement which forms a basis of an informed decision.
- ✓ This is an important part of "success" and "wisdom".
- ✓ As the Greek Socrates is considered to be the founder of critical thinking, thus it is also called Socratic questioning.
- ✓ Critical thinking means questioning every step of your thinking process: Have you considered all the facts? Have you tested your assumptions? Is your reasoning sound? Can you be sure your judgment is unbiased? Is your thinking process logical, rational and complete?

**NEVER GIVE UP. BE POSITIVE.**

→ **Developing skills for Critical Thinking...**

<b>Analyze Cause and Effect</b>	✓ The critical thinker must separate the motive or reason for an action or event (the cause) from the result or outcome (the effect).
<b>Classify and Sequence</b>	✓ The items must be grouped or sorted according to similar characteristics.
<b>Compare and Contrast</b>	✓ It must be determined how things are similar and how they are different.
<b>Infer</b>	✓ Inferences must be drawn by applying logic to identify possible outcomes.
<b>Evaluate</b>	✓ Various possible decisions are to be evaluated.
<b>Observe</b>	✓ Each and every detail must be observed to have a better outcome.
<b>Predict</b>	✓ Various trends etc. are to be analysed to make sensible predictions about the future.
<b>Rationalize</b>	✓ The critical thinker must be able to apply the laws of reason to judge an argument and determine its merits.
<b>Prioritize</b>	✓ Importance of an event is to be determined out of all.
<b>Summarize</b>	✓ The skill of summarizing has to be there in a critical thinker.
<b>Synthesize</b>	✓ Scattered pieces of information are to be used to take new decisions.

→ **Qualities of a Critical Thinker**

<b>Open-minded</b>	
<b>Well-informed</b>	
<b>Experimental</b>	
<b>Contextual</b>	
<b>Analytical</b>	
<b>Matured</b>	
<b>Self Confident</b>	
<b>Systematic</b>	

⇒ **Emotional Intelligence**

- ✓ "Emotional Intelligence" refers to the capacity to recognize own feelings and those of others, for motivating our self, and for managing emotions well in the relationships.
- ✓ Emotions shape the path of our lives and influence our decision-making. Our emotional actions and reactions affect who we are and control whether or not we are able to achieve our goals. Emotional intelligence includes self-control, zeal and the ability to motivate oneself.
- ✓ It describes abilities distinct from academic intelligence, but complementary to it. While childhood is a critical time for its development, emotional intelligence is not fixed at birth. It can be nurtured and strengthened throughout adulthood. Feelings matter a lot while taking decisions.
- ✓ A large part of our success in life is based on our emotional quotient.
- ✓ How we manage our emotions and the way we relate to others determines how successful and satisfied we are at work, home, and with friends. Our EQ is the ability to make and deepen connections at three levels: with ourselves (personal mastery), with another person (one-to-one), and within groups/ teams.

## → Competencies Associated with Emotional Intelligence

<b>Personal Competence – How You Manage Yourself</b>		
<b>Self-Awareness</b>		
Emotional self-awareness	Emotional self-control	Initiative
Accurate self-assessment	Transparency	Optimism
Self-confidence	Adaptability	
Self-Management	Achievement	
<b>Social Competence – How You Manage Relationships</b>		
<b>Social Awareness</b>		<b>Relationship Management</b>
Empathy		Inspirational leadership
Organizational awareness		Influence
Service		Developing others
		Change catalyst
		Conflict management
		Building bonds
		Teamwork and collaboration

## ⇒ Ethical Communication

<b>Meaning</b>	<ul style="list-style-type: none"> <li>✓ It means communication involving a sense of responsibility towards various stakeholders.</li> <li>✓ Ethical communication is fundamental to responsible thinking, decision making and the development of relationship and communities within and across contexts, cultures, channels and media.</li> <li>✓ Ethical communication enhances human worth and dignity by fostering, truthfulness, fairness, responsibility, personal integrity and respect for self and others'.</li> </ul>
<b>Factors Influencing Ethical Communication</b>	<ul style="list-style-type: none"> <li>✓ Organizational Values</li> <li>✓ Timings of communication</li> <li>✓ Manner of Communication</li> <li>✓ Place of communication</li> </ul>
<b>Advantages of Ethical Communication</b>	<ul style="list-style-type: none"> <li>✓ Ethical communication promotes long-term business success and profit</li> <li>✓ Long-term integrity</li> <li>✓ Retention of best employees</li> </ul>

## ⇒ Elements in Ethical Communication

- ✓ It must include all relevant information.
- ✓ It must be true.
- ✓ It must not be deceptive.
- ✓ It must be accurate and sincere.
- ✓ It should avoid manipulative language.
- ✓ It should not hide any information.
- ✓ It must not state opinions as facts.

⇒ Ethical Dilemmas in Communication

<b>Major ethical dilemmas faced by people in communication</b>	<ul style="list-style-type: none"> <li>✓ Leakage of Critical information</li> <li>✓ Needless whistle blowing</li> <li>✓ Rumours and Gossip</li> <li>✓ Lying</li> <li>✓ Ambiguity (deliberate use of Vague words)</li> </ul>	
<b>Guidelines For Handling Ethical Dilemmas in Communication</b>	<b>Maintain candour</b>	✓ Candour refers to truthfulness, honesty, frankness and one should stick to these elements while communicating with others.
	<b>Keep message accurate</b>	✓ At the time of relaying information from one source to another, communicate the original message as accurately as possible.
	<b>Secrecy</b>	✓ One has to maintain secrecy and confidence in communication. So one should not divulge such information to others.
	<b>Ensure timeliness of communication</b>	✓ The timing of messages can be critical. Delay in sending messages can be assumed unethical.
	<b>Avoid deception</b>	✓ Ethical communicators are always vigilant in their quest to avoid deception, fabrication, intentional distortion or withholding of information in their communication.
	<b>Confront unethical behavior</b>	✓ One must confront an unethical behaviour in order to ensure a consistent ethical view point.
	<b>Consistency</b>	✓ An ethical communicator remains consistent w.r.t. his behavior over a period of time.

**Blast From The Past**

1.	J 09 (5 M)	What is meant by "Active listening"? State the importance of 'Active listening' in the business communication skills.
2.	M 10 (5 M)	Explain the functions of interpersonal communication.
3.	N 10 (4 M)	Explain the basic principles of interpersonal communication.
4.	M 11 (8 M)	What are the tips for improving inter-personal skills in a business organization?
5.	N 11 (5 M)	What do you understand by "ethical communication"? What are its elements?
6.	N 11 (4 M)	Explain the significance of "active listening" in inter-personal communication skills.
7.	M 12 (4 M)	Why is the 'Active Listening' important for an individual? State the guidelines for 'Active Listening'.
8.	M 12 (4 M)	In what way is the 'Ethical Communication' advantageous to a business establishment? Explain.
9.	N 12 (4 M)	Why is the 'critical thinking' important part of success and wisdom? What steps are required to make it effective in a business organisation?

10.	M 13 (4 M)	What is "critical thinking"? Define.
11.	M 13 (5 M)	State suggested guidelines to handle communication ethics dilemmas.
12.	M 14 (4 M)	What are the guidelines for "Active Listening"?
13.	M 15 (4 M)	State with reasons whether following statements are correct or incorrect. (i) Rumours and gossips are synonymous. (ii) Lying breaks down the trust between individuals.
14.	M 15 (4 M)	What is meant by 'Emotional Intelligence'? Explain the 'Self-Awareness and Self-Management Personal Competencies' associated with emotional intelligence.
15.	N 15 (4 M)	What is meant by 'Critical thinking'? Suggest the measures to develop critical thinking.
16.	N 15 (4 M)	What are the basic principles of inter-personal communication?
17.	M 16 (4 M)	What are the functions of inter-personal communication?
18.	M 16 (4 M)	Explain the factors that influence Ethical Communication.
19.	N 16 (4 M)	What is meant by "Emotional Intelligence" and "Emotional Quotient"? State any six social competencies associated with Emotional Intelligence.
20.	N 16 (4 M)	What is meant by Active Listening? State the importance of active listening in the business communication skill.
21.	M 17 (2 M)	Write short note on Advantages of Ethical Communication.
22.	M 17 (4 M)	What are the major causes of inter-departmental communication problems? Explain giving suitable examples.
23.	N 17 (4 M)	What are the factors influencing ethical communication? Explain them.
24.	N 17 (4 M)	Explain the principles of "Interpersonal Communication" with reference to: (i) Situational Context (ii) Cultural Context
25.	M 18 (4 M)	What functions are performed by interpersonal communication? Discuss briefly.
26.	M 18 (4 M)	Discuss any four NCA's credo for ethical communication.

*The National Communication Association (NCA) states: "ethical communication enhances human worth and dignity by fostering truthfulness, fairness, responsibility, personal integrity, and respect for self and other: Following are the credo for ethical communication:*

*(i) Truthfulness, accuracy, honesty, and reason are essential to the integrity of communication.*

*(ii) Endorse freedom of expression, diversity of perspective, and tolerance of dissent to achieve the informed and responsible decision making fundamental to a civil society.*

*(iii) Strive to understand and respect other communicators before evaluating and responding to their messages.*

*(iv) Access to communication resources and opportunities are necessary to fulfill human potential and contribute to the well being of families, communities, and society.*

*(v) Promote communication climates of caring and mutual understanding that respect the unique needs and characteristics of individual communicators.*

*(vi) Condemn communication that degrades individuals and humanity through distortion, intolerance, intimidation, coercion, hatred, and violence.*

*(vii) Commit to the courageous expression of personal convictions in pursuit of fairness and justice.*

*(viii) Advocate sharing information, opinions, and feelings when facing significant choices while also respecting privacy and confidentiality.*

*(ix) Unethical communication threatens the quality of all communication and consequently the well being of individuals and the society in which we live.*

*(x) Accept responsibility for the short- and long-term consequences for our own communication and expect the same of others.*

27.	M 18 (4 M)	Discuss any four qualities of a critical thinker.
28.	M 18 (4 M)	State the importance of 'Active Listening' in the business communication skills.

**Check Your Progress... (Other Important Questions)**

1.	RTP N 12	What are the tips for improving Interpersonal skills that are necessary for workplace success?
2.	RTP N 12	State the guidelines that deal with communication ethics dilemmas.
3.	RTP M 13	Suggest guidelines to handle communication ethics dilemmas.
4.	RTP M 13	What are the principles of inter-personal communication?
5.	RTP M 13	What is meant by 'Emotional Intelligence' and 'Emotional Quotient'? State any six social competencies associated with Emotional Intelligence.
6.	RTP M 14	Explain the statement 'Interpersonal communication is contextual'.
7.	RTP M 14	Explain how ethical communicators have a "well developed sense of social responsibility".
8.	RTP N 14	Explain the functions of interpersonal communication.
9.	RTP N 15	Explain the functions of interpersonal communication.
10.	RTP N 16	Write short note on 'Advantages of Ethical Communication'.
11.	RTP N 16	Explain the functions of interpersonal communication.
12.	RTP M 17	Explain the functions of interpersonal communication.
13.	RTP M 17	Suggest guidelines to handle communication ethics dilemmas.
14.	RTP N 17	Suggest guidelines to handle communication ethics dilemmas.
15.	RTP M 18	What do you understand by "ethical communication"? What are its elements.
16.	RTP M 18	Discuss personal competencies that are associated with Emotional Intelligence.
17.	RTP N 18	What skills are needed for effective critical thinking?

## ⇒ What is a Group?

### Introduction

- A group is a collection of people but not a random collection of independent individuals. Thus, the fact that a number of people are present in a particular space does not mean that a group exists.
- Group is composed of individuals who
  - interact verbally and non-verbally,
  - occupy certain roles with respect to one another, and
  - cooperate to accomplish a definite goal.
- The people in groups interact and influence each other, develop a number of dynamic processes which separates them from a random collection of individuals.
- A group can thus be defined as an “aggregate of people, from two up to an unspecified but not too large a number, who associate together in face-to-face relationships over a period of time.”
- A viable number of members in the group can be anywhere between 15 and 20. More than that will become unwieldy or unmanageable.

### Types of groups present in organizations

Formal Groups	Informal Groups
These are created by deliberate sanction of management to meet certain official requirement.	These are created because of the social and psychological factors at the work place.

## ⇒ Characteristics of Groups

<b>Group goals</b>	<ul style="list-style-type: none"> <li>✓ Every group establishes its own group goals, which provide motivation for their existence.</li> <li>✓ A group exists to achieve the goals.</li> </ul>
<b>Group structure</b>	<ul style="list-style-type: none"> <li>✓ It is based positions of the members in the group and the roles to be performed by them.</li> </ul>
<b>Group Patterns of communication</b>	<ul style="list-style-type: none"> <li>✓ It is the pattern in which the information and the messages flow in a group.</li> </ul>
<b>Group Norms</b>	<ul style="list-style-type: none"> <li>✓ These are the rules of interaction in a group, which are to be adhered to by each and every member of the group.</li> </ul>
<b>Group climate</b>	<ul style="list-style-type: none"> <li>✓ It is the emotional atmosphere of a group based on inter personal relationships of members, bonding and trust amongst them and the participative spirit etc.</li> </ul>

## ⇒ Group Dynamics

*There used to be the era when the decisions were guided mainly by the single individual, usually the top most person in the organization but with the passage of time, the much needed importance has been assigned to the groups and their decision making. However, the best fruits of the groups are reaped in the presence of strong and healthy relationship and environment existing in the group.*

**NEVER GIVE UP. BE POSITIVE.**

Members in the group have to continuously interact amongst themselves, to reach to the best conclusion in any given situation.

- Group Dynamics is the study of such interaction and interrelationships among members of the group.
- Group is a collection of people and dynamics means force. Thus, group dynamics refers to the study of forces operating within a group.
- Group dynamics deals with internal nature of groups, their formation, structure and processes.
- It also includes in its ambit the way groups affect individual members, other groups and the organization as a whole.
- It implies continuously changing and adjusting relationships among members of the group. The core of group dynamics is interaction among members. Thus, communication plays an extremely important role in group dynamics. The means of communication can be both verbal and non-verbal. If there is no involvement & interaction, the group might become defunct.

### ❏ Characteristics of group personality

#### **Spirit of Conformity**

- ✓ Individual members tend to conform to group norms to gain recognition, admiration and respect from others.
- ✓ Our beliefs, opinions, and actions are influenced more by group opinion than by an individual's opinion.
- ✓ Thus, members feel better adjusted in the group if they conform to the accepted standards of their group relationships.

#### **Respect for group values**

- ✓ A group maintains certain values and ideals which makes it different from others.
- ✓ It becomes necessary for each and every member to understand such values and to respect the same.
- ✓ One can have an easy outlook regarding the group's future possible actions, on the knowledge of group values.

#### **Resistance to change**

- ✓ A group usually opposes the changes as it might break their unity.
- ✓ But, the group may welcome the changes brought by consensus or dictation of its leader.
- ✓ The knowledge of, how and to what extent the group deals with the changes helps in dealing with it efficiently.

#### **Group prejudice**

- ✓ The way individuals have prejudices, groups have their own prejudices.
- ✓ Prejudice is prejudgment, or forming an opinion before becoming aware of the relevant facts of a case. The word is often used to refer to preconceived, usually unfavorable, judgments toward people or a person because of gender, political opinion, social class, age, disability, religion, sexuality, race/ethnicity, language, nationality or other personal characteristics.

#### **Collective power**

- ✓ Groups are always more powerful than individuals.
- ✓ Thus, individuals may find it difficult to put forward their intentions in groups; as there is always the risk of the other group members going against such member.

## ⇒ Types of Groups in Organisations

### Self directed teams

- » Self-regulated and autonomous teams of employees are constituted for specific purposes. These teams are empowered to make decisions.

### Quality Circles

- » Quality circles are typically more formal groups.
- » Quality circles are generally free to select any topic they wish (other than those related to salary and terms and conditions of work).
- » Quality circles were first established in Japan in 1962; Kaoru Ishikawa has been credited with their creation.
- » Quality Circle is a small group to perform voluntarily quality control activities within their work area.
- » A quality circle is a participatory management technique that enlists the help of employees in solving problems related to their own jobs.
- » Circles are formed of employees working together in an operation who meet at intervals to discuss problems of quality and to devise solutions for improvements.
- » Quality circles have an autonomous character, are usually small, and are led by a supervisor or a senior worker.

### Committees

<i>Standing Committee</i>	» A standing committee permanent in nature and is highly empowered. For instance. ICAI has several standing committees like Corporate Laws Committee, Tax Committee, etc.
<i>Advisory Committee</i>	» An advisory committee comprises of experts in a particular field, examples- Technical Advisory Committee.
<i>Adhoc Committee</i>	» An adhoc committee is set up for a particular purpose and is dissolved after the purpose is accomplished, example -Fraud Investigation Committee.

### Task Force

- » Task force is like Committee but it is usually temporary.
- » A task force (TF) is a unit or formation established to work on a single defined task or activity.
- » Task force has wide power to take action and properly fix responsibility for investigation, results and proper implementation of decisions.
- » Task force groups are very important in govt. organization to tackle specific administrative problems.

## ⇒ Importance of Leadership in Groups

- Groups need effective leadership to achieve their goals.
- A leader helps in establishing a cooperative climate that encourages group interaction, helps the discussion to follow smoothly and keep the planned agenda on track.
- A leader is indispensable for a group discussion.
- It is the task of leader to see that the team members communicate effectively among themselves and with people outside their team, to make useful contributions.

- Leader has to encourage creativity in workers through participative management i.e. by involving them in the decision making.

## 🔗 TEAM ROLES

Members of a team play various roles. These may be classified into three categories:

Self- Oriented Rules	Team Maintenance roles	Task Facilitating roles
<ul style="list-style-type: none"> <li>➤ Members who assume self – oriented roles are motivated to fulfill personal needs.</li> <li>➤ Such members, quite naturally, tend to contribute very little to the success of the team.</li> <li>➤ They seek attention towards themselves and demand recognition from others.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Members, who exchange information, examine issues and resolve conflicts to ensure survival of the team, play team-maintenance roles.</li> <li>➤ Such members encourage other members by showing support, reconcile any differences between team members.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Such members help solve problems or make decisions. They provide and seek information on issues faced by the team.</li> <li>➤ They suggest procedures that will help the team to achieve its goals.</li> <li>➤ They are also responsible for overall co-ordination.</li> </ul>

## ⇒ Groupthink

<b>Meaning</b>	<ul style="list-style-type: none"> <li>✓ It's a type of thought exercised by the group members who try to minimise conflict and reach the consensus without critically analyzing, testing and reevaluating the ideas.</li> </ul>
<b>Limitations</b>	<ul style="list-style-type: none"> <li>✓ It is the tendency of group members to seek agreement solely for agreements sake.</li> <li>✓ Hence, the group fails to be creative. It fails to explore alternative solutions for various problems.</li> <li>✓ It is thus a weakness of group decision-making.</li> </ul>
<b>Overcoming limitations</b>	<ul style="list-style-type: none"> <li>✓ To reduce the tendency of group think, there are various ways including                             <ul style="list-style-type: none"> <li>❖ dividing the group into different sub-groups,</li> <li>❖ asking the group members to assume the role of critical evaluator</li> <li>❖ inviting qualified outsiders &amp; experts to interact with members,</li> <li>❖ encouraging members to clear any doubts,</li> <li>❖ selecting members from different social and cultural background, thereby leading to diverse ideas and opinions.</li> </ul> </li> </ul>

## ⇒ Group Conflicts

Meaning	Implications
<ul style="list-style-type: none"> <li>→ Conflict is a part of almost every interpersonal relationship.</li> <li>→ Group conflict means conflict within the individuals of the group.</li> <li>→ Conflict is a part of group interaction. It arises when two or more parties pursue mutually exclusive goals &amp; interests. If there are no conflicts, there is a very little chance for survival of the group,</li> </ul>	<ul style="list-style-type: none"> <li>→ A conflict does not necessarily mean that a meeting is disorderly or rude.</li> <li>→ It is a sign that people are actively discussing issues. If a group does not exhibit conflict by debating ideas or questioning others, there is very little reason for it to exist. Thus, Conflict is part of the essence of group interaction.</li> <li>→ Leaders can use conflict as a means to determine the acceptable idea or solution but</li> </ul>

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as there might be tendency of group think.

there should be a debate about issues, not about personalities.

### Reasons of Conflict

- Different Perceptions
- Different Values, interests & personalities
- Scarcity of resources
- Power and status differences
- Poor communication
- Lack of team work

### Problems that typically arise in conflict situations

- First, the parties will simply avoid the conflict. This can be damaging, because it can lead to greater problems in the future. It is usually best that the individuals discuss their differences.
- Second, individuals involved in conflict may blame the other individual. Often, individuals go beyond the specific behaviour in question and blame the character of the person.
- Third, a final problem that is often encountered in conflict management is adopting a win-lose mentality. Focusing on each individual's goals / outcomes will help avoid using a win-lose strategy.

## ⇒ Managing Group Conflicts

- When conflicts arise, the leader must ensure that members' attention is focused on the issues and not on personalities.
- Guidelines for resolving conflicts
  - Open communication
  - Focus on issues, not on persons.
  - Empathy (understand the viewpoint of the other party)
  - Listening to others
  - Equal opportunity to every member
  - Conciliation (involving facilitator)
  - Smoothing (to leave the matter of disagreement and to look for common interest)
- If successfully managed conflict can be constructive and can strengthen relationships.

## ⇒ Consensus Building

- ❏ *Consensus means members of the group overwhelmingly agree to the proposal.*
- ❏ *The key indicator of whether or not a consensus has been reached is that everyone agrees with the final proposal.*
- ❏ *It's a conflict resolution process to settle complex disputes.*
- ❏ *It is usually carried out by a mediator or facilitator.*
- ❏ *Thus, consensus requires that someone frame a proposal after listening carefully to everyone's interests.*
- ❏ *Before the parties in a consensus building process come together, mediators (or facilitators) can play an important part in helping to identify the right participants, assist them in setting an agenda and clarifying the ground rules by which they will operate, and persuading noncompliant parties to participate.*

**Essentials of Consensus Building**

<b>Problem-solving orientation</b>	<ul style="list-style-type: none"> <li>✓ There has to be a problem-solving attitude, even at the time of strong differences.</li> <li>✓ One should be prepared to find the solutions, in the best interest of all.</li> </ul>
<b>Active listening</b>	<ul style="list-style-type: none"> <li>✓ Participants in every consensus building process should be encouraged and even instructed (if necessary) to engage in active listening.</li> </ul>
<b>Flexible</b>	<ul style="list-style-type: none"> <li>✓ Participants in every consensus building process should be instructed to be flexible enough that they may adopt the resolution even if they are not agreeing with it.</li> </ul>
<b>Transparency</b>	<ul style="list-style-type: none"> <li>✓ It's very important to maintain transparency at the time of consensus building to win the whole hearted cooperation of all concerned.</li> <li>✓ Thus, the group's mandate, its agenda, the list of participants and the interests they are representing, the proposals they are considering, the decision rules they have adopted, their finances, and their final report should, at an appropriate time, be open to scrutiny by anyone affected by the group's recommendations.</li> </ul>
<b>Create maximum value for the group</b>	<ul style="list-style-type: none"> <li>✓ The goals of a consensus building process should be to create as much value as possible and to ensure that such value is divided in a way that meets the principle of mutual gain.</li> </ul>

⇒ **Negotiation and Bargaining**

- It is the process in which two or more parties discuss specific proposals in order to arrive at a mutually acceptable agreement.
- Negotiation is a two-way process in which both sides participate actively.
- It involves give and take through bargaining.

**Approaches**

<b>Win-lose orientation</b>	<b>Lose-lose orientation</b>
<ul style="list-style-type: none"> <li>» This approach is adopted by competitive communicators.</li> <li>» Only one party can reach its goals and its victory will be matched by the other's loss. Sometimes it can be the best approach to negotiating.</li> <li>» If one party is determined to take advantage and cannot be convinced that collaboration is possible, then you probably need to adopt a competitive stance out of self-defense.</li> </ul>	<ul style="list-style-type: none"> <li>» In this approach, a conflicting situation affects the process and that damages both parties to such a degree that everyone feels a loser.</li> <li>» None of the parties starts out seeking a lose-lose outcome, but sometimes when people feel that a negotiating partner is blocking them, they wind up seeking revenge.</li> </ul>
<b>Compromise</b>	<b>Win-win orientation</b>
<ul style="list-style-type: none"> <li>» Instead of a lose-lose outcome, it is better to compromise.</li> <li>» Sometimes, compromise is the best obtainable outcome especially when the resources are limited or scarce.</li> </ul>	<ul style="list-style-type: none"> <li>» A win-win approach is a collaborative approach to negotiation and assumes that solutions can be reached that satisfy the needs of all parties.</li> <li>» It goes beyond the conflicting means of both parties and focuses on satisfying the goals of both the parties.</li> </ul>

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## ⇒ Basic Rules of Negotiation

<b>Analyze the interest of the parties</b>	<ul style="list-style-type: none"> <li>✓ Analyzing the interest of parties is important to understand                             <ul style="list-style-type: none"> <li>❖ the perceptions,</li> <li>❖ the style of negotiation, and</li> <li>❖ the interests and principles of the counterparts, as well as one's own.</li> </ul> </li> </ul>	
<b>Plan the negotiation, and determine</b>	<ul style="list-style-type: none"> <li>✓ What are the expectations from the negotiation?</li> <li>✓ What are the terms of the negotiation?</li> <li>✓ What are the nonnegotiable terms and what can be modified?</li> <li>✓ What is the minimum that an agreement can be reached on?</li> <li>✓ What is the negotiation strategy?</li> <li>✓ What are the most important interests of the other parties?</li> <li>✓ How does one interact with or manage people?</li> </ul>	
<b>Select the appropriate negotiation technique</b>	<i>Spiraling agreements</i>	<ul style="list-style-type: none"> <li>✓ It means to start with a minimum agreement even though it is not related to the objectives and then to build bit by bit with help of such first agreement.</li> </ul>
	<i>Changing of position</i>	<ul style="list-style-type: none"> <li>✓ It includes formulating the proposals in a different way but without changing the final result.</li> </ul>
	<i>Gathering information</i>	<ul style="list-style-type: none"> <li>✓ The information is to be exchanged to the maximum, with the other party to clarify the position.</li> </ul>
	<i>Making the cake bigger</i>	<ul style="list-style-type: none"> <li>✓ An endeavor is to be made to offer the alternatives which may be agreeable to the other party, without changing the terms.</li> </ul>
	<i>Commitments</i>	<ul style="list-style-type: none"> <li>✓ At first, the position is finalised orally but it is to be made sure that such positions taken are reduced in writing before ending the negotiation.</li> </ul>
<b>Negotiate</b>	<ul style="list-style-type: none"> <li>✓ One has to be quick to adapt to changing situations, without losing sight of the objective. Some aspects that could interfere with the negotiation are:                             <ul style="list-style-type: none"> <li>❖ Personal positions and interests</li> <li>❖ Psychological and emotional aspects of the persons (place, placement of chairs, body language, gestures, etc.)</li> <li>❖ Difficulties in communication (differences in languages, different meanings of the same words, etc.)</li> </ul> </li> </ul>	

## ⇒ The Negotiation Process

At every level careful planning and execution is required to make negotiations successful. These seven steps of the negotiation are:

<b>Preparing</b>	<ul style="list-style-type: none"> <li>✓ A negotiation is an unpredictable path as one will come across unforeseen and unanticipated situations. Hence one needs to be well prepared, which has two broad aims :                             <ul style="list-style-type: none"> <li>❖ Clarity of objective and the boundaries within which to negotiate for (a Like-Intend-Must analysis)</li> </ul> </li> </ul>
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	Like	Intend	Must
	Interests that one would like to get served. Achieving some of these interests is a happy situation.	Interests that one intends to get served. One is sincerely trying to get these interests served. The results of the negotiations would be considered satisfactory if these interests were served.	Interests that must be served. Achieving these interests is critical otherwise the negotiation could be fruitless.
	<ul style="list-style-type: none"> <li>❖ Collection and collating data that might come handy later.</li> <li><i>It is useful to create a checklist for preparation as some items will need to be considered</i> <ul style="list-style-type: none"> <li>- before the negotiation,</li> <li>- some during the negotiation,</li> <li>- some both before and during negotiation.</li> </ul> </li> </ul>		
<b>Arguing</b>	<ul style="list-style-type: none"> <li>✓ This is the first stage of the actual negotiation process.</li> <li>✓ The aim of this process is to forcefully inform the other party of the logic &amp; strength of ones stand.</li> <li>✓ Often negotiations tend to fail at this stage because the two parties end up getting hostile when the opponents start at opposite positions.</li> </ul>		
<b>Signaling</b>	<ul style="list-style-type: none"> <li>✓ This phase occurs during the arguing process and usually after some amount of arguing.</li> <li>✓ The two parties are aware of the deadlock and in a mood to break the deadlock, passes signals.</li> <li>✓ The signal refers to verbal or non-verbal clues that opens up the possibility of adjustment.</li> </ul>		
<b>Proposing</b>	<ul style="list-style-type: none"> <li>✓ Based on some signals, one party proposes for a possible solution.</li> <li>✓ Propositions overcome arguments because arguments cannot be negotiated.</li> <li>✓ This phase may prove to be decisive.</li> </ul>		
<b>Packaging</b>	<ul style="list-style-type: none"> <li>✓ It means collating an overall suggested solution for consideration of the other party.</li> <li><i>This process comprises of :</i> <ul style="list-style-type: none"> <li>❖ Identifying opponent's objectives, priorities, and the signaled possibilities of concessions that they might allow.</li> <li>❖ Reviewing opponent's and own objectives by doing a fresh L-I-M (Like-Intend-Must) analysis.</li> <li>❖ How can you address your package to meet some/all of your opponent's objectives?</li> <li>❖ Comparing the concessions required by us against the signalled possibilities of concessions by the opponent.</li> <li>❖ How equitable is the concession rate?</li> <li>❖ Draw up list of conditions and place them in front of the package.</li> <li>❖ Have all the possible variables in the package been considered?</li> </ul> </li> </ul>		
<b>Bargaining</b>	<ul style="list-style-type: none"> <li>✓ That's what negotiating looks like to a third person as a spectator. But for a negotiator this phase will be successful only if the groundwork has been done.</li> <li>❖ Everything must be conditional. It's a firm rule without exceptions.</li> <li>❖ Decide what we require in exchange for the concessions.</li> <li>❖ Signal what is possible if, and only if, the opponent agree to your conditions.</li> <li>❖ Keep all the unsettled issues linked and try to reach the solution</li> </ul>		

	<ul style="list-style-type: none"> <li>❖ Be ready to bring back into contention any previously 'settled' issues if there is a feeling of agreeing under pressure.</li> </ul>
<b>Closing and Agreeing</b>	<ul style="list-style-type: none"> <li>✓ This is the final phase where the deal gets finalized and sealed.</li> <li>✓ Closing means ending the bargaining and reaching a stage where we push the opponent to make a decision on agreeing or otherwise.</li> <li>✓ Agreeing refers to our response to the opponents close.</li> </ul>

## ⇒ Influencing and Persuasion Skills

	<ul style="list-style-type: none"> <li>→ In many situations, one may need to influence the behaviour or attitudes of managers, superiors, colleagues, customers, clients, suppliers and subordinates. But every such time, the use of position power can't be made.</li> <li>→ One has to rely on influencing others through assertiveness, negotiation and empowering skills. Influence is an respectable way to change other people's actions.</li> <li>→ The other ways are-  <i>Command</i> ("You have to do this.") or  <i>Manipulation</i> ("If you do not do this, I will lose my job.")</li> </ul>			
<b>Influence</b>	<ul style="list-style-type: none"> <li>✓ Influence is much wider in depth and dimension.</li> <li>✓ It is :                             <ul style="list-style-type: none"> <li>❖ a process not an action</li> <li>❖ a set of skills-including body language, listening, building rapport, planning, probing and explaining</li> <li>❖ a set of attitudes –including confidence, trust, patience and belief in win-win outcomes</li> </ul> </li> <li>✓ It is getting people to do things because they want to.</li> <li>✓ It requires one to be other focused rather than self focused.</li> <li>✓ It enables proactive leadership.</li> </ul>			
<b>Persuasion</b>	<p><b>Meaning</b></p> <ul style="list-style-type: none"> <li>✓ It is one dimension of influence. It is a direct communication when benefits are stated in a reasoned arguments and competent views dealt with in a respectful manner.</li> </ul>			
	<b>Two principles of persuasion</b>			
	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;"><b>Honour and Respect</b></td> <td style="width: 50%;"><b>Understanding the other person's Frame of Reference</b></td> </tr> <tr> <td>These are communicated in various ways. You can respect people's time by being sensitive about the timing of your communication.</td> <td>Each of us have a unique personality but one can get to know a great deal about the other person by approaching things from their point of reference, asking questions and listening.</td> </tr> </table>	<b>Honour and Respect</b>	<b>Understanding the other person's Frame of Reference</b>	These are communicated in various ways. You can respect people's time by being sensitive about the timing of your communication.
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**Blast From The Past**

1.	M 11 (4 M)	Explain the concept of "Negotiation". What are its techniques?
2.	M 11 (4 M)	What are the characteristics of group personality?
3.	N 11 (4 M)	What are the features of 'groups' in an organization?
4.	N 12 (4 M)	State the types of groups in an organisation which play an important role in solving the difficult problems in an organisation.
5.	N 13 (4 M)	Describe the main characteristics of "Groups" in a business organisation.
6.	N 14 (4 M)	"Once the process of consensus building has begun, mediators try to assist the parties in their efforts to generate a creative resolution of differences". Examine this statement and also state in brief the process which should be followed by mediators to resolve the differences between the parties.
7.	M 15 (4 M)	Explain the types of Groups in an organization which play an important role in solving the difficult problems in the organization.
8.	N 15 (4 M)	List out the characteristics of group personality under Group Dynamics.
9.	N 16 (5 M)	What do you mean by consensus building in a group? Briefly explain the efforts taken by mediators and facilitators in the consensus building process.
10.	N 17 (5 M)	Negotiation is said to be an art of finding a mutually acceptable agreement between parties. What are the various approaches through which the process of negotiation can be made acceptable?
11.	M 18 (5 M)	"In business organisations various types of groups are formed." In this context discuss various types of groups.

**Check Your Progress... (Other Important Questions)**

1.	RTP M 12	What types of groups can be found in any organisation for regulating the business effectively?
2.	RTP M 12	What are the characteristics of group personality?
3.	RTP M 13	Explain Consensus Building.
4.	RTP N 13	Write short note on features of 'groups' in an organization.
5.	RTP N 14	Explain the concept of "Negotiation". What are its techniques?
6.	RTP M 15	"The group as a whole always rules. The odd man out is always at a disadvantage". Explaining this, give the characteristics of the group personality?
7.	RTP N 15	Explain Consensus Building.
8.	RTP M 16	What do you understand by 'Group conflicts'? How shall these be managed effectively? Explain.
9.	RTP N 16	"Once the process of consensus building has begun, mediators try to assist the parties in their efforts to generate a creative resolution of differences". Examine this statement and also state in brief the process which should be followed by mediators to resolve the differences between the parties.
10.	RTP N 17	What do you understand by 'Group conflicts'? How shall these be managed effectively? Explain.
11.	RTP N 18	Negotiation is said to be an art of finding a mutually acceptable agreement between parties. What are the various approaches through which the process of negotiation can be made acceptable?

## ⇒ Corporate Culture

<b>Meaning</b>	✓ Corporate culture is a broad term used to define the unique personality or character of an organization.	
<b>Elements</b>	✓ It includes such elements as <ul style="list-style-type: none"> <li>❖ core values and beliefs,</li> <li>❖ corporate ethics, and</li> <li>❖ rules of behaviour norms</li> </ul> that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization.	
<b>Strong/ Weak Culture</b>	✓ Firms with strong cultures achieve higher results because employees maintain focus both on what to do and how to do it.	
	<b>Strong Culture</b>	<b>Weak Culture</b>
	A strong culture is said to exist where the staff's response to change and innovation is high because of their alignment to organizational values.	There is Weak Culture where there is little alignment with organizational values, and control must be exercised through extensive procedures and bureaucracy.

## ⇒ Elements of Culture

A number of elements that can be used to describe or influence Organizational Culture:

<b>The Paradigm</b>	✓ What the organization is about; what it does; its mission; its values.
<b>Control Systems</b>	✓ It means the processes in place to monitor what is going on.
<b>Organizational Structures</b>	✓ Reporting lines, hierarchies, and the way that work flows through the business.
<b>Power Structures</b>	✓ Who makes the decisions and how power is distributed across the organization.
<b>Symbols</b>	✓ These include the logos and designs, but would extend to symbols of power, such as car parking spaces and executive washrooms!
<b>Rituals and Routines</b>	✓ Management meetings, board reports and so on may become more habitual than necessary.
<b>Stories and Myths</b>	✓ These are built up about people and events, and convey a message about what is valued within the organization.

## ⇒ Change

- » The concept of organizational change is in regard to organization-wide change, as opposed to smaller changes such as adding a new person, modifying a program, etc.
- » Examples of organization-wide change include a change in mission, restructuring operations, new technologies, mergers, major collaborations, new programs such as Total Quality Management, re-engineering, etc. - a fundamental and radical reorientation in the way the organization operates.

### Why is organization-wide change difficult to accomplish?

Typically, there are strong resistances to change.

People are afraid of the unknown.

Many people think things are fine and don't understand the need for change.

Many doubt there are effective means to accomplish major organizational change.

## ⇒ Resistance to Change

*It is a basic tenet of human behaviour that any belief or value that has been previously successful in meeting needs will resist change.*

### Reasons Why People Resent or Resist Change

Security	Friends and contacts	Money	Freedom
Pride and satisfaction	Responsibility	Authority	Good working conditions
Change simply adds more work and confusion	Change not needed - status quo is working fine	Proposed change does more harm than good	Lack of respect for person responsible for the change
Objectionable way of implementing the change	Negative attitude towards the organization before the change	No opportunity to have input into change	Change perceived as implying personal criticism
Hearing about the change second hand	The uncertainty principle	Bad timing of the change	A desire to challenge authority

### Reasons for Acceptance of Change

Increased Security	Money	More Authority	Status/Prestige
Reduces Boredom	Self-Satisfaction	Improves Future	Less Time And Effort
Provides A New Challenge	Likes/Respects The Source	Likes The Way Change Is Being Communicated	
Provides Opportunity For Input	Better Working Conditions	Perception That The Change Is Necessary	Better Personal Contacts

## ⇒ Communication and Change

- Successful change must involve top management, including the board and chief executive.
- One has to take the initiative to change by being visionary, persuasive and consistent.
- A change agent's role is usually responsible to translate the vision to a realistic plan and carry out the plan.
- Change is usually best carried out as a team-wide effort.
- Communications about the change should be frequent and with all organization members.
- The leader should
  - meet with all managers and staff
  - explain reasons for the change,
  - explain how it generally will be carried out and where one can go for additional information.
- Poor communication around change issues can:
  - Destroy commitment to an organization
  - Irrevocably damage employee morale
  - Generate huge resistance to change
  - Result in hostility
  - Lead to performance problems

*Communication can be simply described as 'Creating Understanding'. In periods of change (as in "normal" times), the manager must not only pass information to employees, but also ensure that it is understood correctly. After all, the manager stands to lose a great deal if information is not understood, as he or she is accountable for the results. Thus, he must assess their level of understanding and comfort around potential changes.*

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**Communication - Who. What. When. How?**

<p><b>To whom</b></p>	<ul style="list-style-type: none"> <li>✓ The basic rule is that communication should take place directly between the manager and employees when employees NEED TO KNOW OR WANT TO KNOW.</li> <li>✓ Some managers have a tendency to communicate change on what is termed a "need to know" basis. That is, people who must have the information, get it, but those that are not directly involved, do not (Actually they will eventually through informal channels).</li> <li>✓ It can create the feelings of being left out, not being valued, etc. in the employees.</li> <li>✓ It is rare that any change in an organization will not have an effect, directly or indirectly, upon all members of the organization.</li> </ul>				
<p><b>What</b></p>	<ul style="list-style-type: none"> <li>✓ In changed situations, it is good to communicate as much information about the change as is available.</li> <li>✓ However, clear distinction is to be made regarding confidential information, and information, which is based on speculation or rumour.</li> <li>✓ There might be some information, not appropriate for release. But, if such information has already reached the grapevine, it's better to bring it to notice of everyone through the formal channels.</li> <li>✓ Not only the facts/information but own feelings and fears about the change are also to be communicated for opening up lines of communication.</li> </ul>				
<p><b>When</b></p>	<ul style="list-style-type: none"> <li>✓ Communication about change is to be made as early as possible.</li> <li>✓ But, its not a one time job. It should continuously occur                         <ul style="list-style-type: none"> <li>❖ in anticipation of change,</li> <li>❖ during the implementation, and</li> <li>❖ afterwards to assess its value to employees.</li> </ul> </li> </ul>				
<p><b>How</b></p>	<ul style="list-style-type: none"> <li>✓ Whether oral or written communication, should be made regarding such change.</li> </ul> <table border="1" data-bbox="252 1238 1511 1901"> <tr> <td data-bbox="252 1238 408 1709"> <p><b>Oral face-to-face</b></p> </td> <td data-bbox="408 1238 1511 1709"> <ul style="list-style-type: none"> <li>✓ Receiver is not particularly interested in getting the message. Oral communication keeps interest and attention.</li> <li>✓ It is important to get feedback.</li> <li>✓ Oral channel creates a suitable climate for understanding by understanding emotions.</li> <li>✓ Receiver is too busy or preoccupied to read and might miss the written piece.</li> <li>✓ If criticism of receiver is involved.</li> <li>✓ Sender wants to persuade or convince.</li> <li>✓ Discussion is needed. A complicated subject frequently requires discussion to be sure of understanding.</li> <li>✓ Receiver cannot read language of the sender.</li> </ul> </td> </tr> <tr> <td data-bbox="252 1709 408 1901"> <p><b>Written</b></p> </td> <td data-bbox="408 1709 1511 1901"> <ul style="list-style-type: none"> <li>✓ Sender wants a record for future references.</li> <li>✓ Receiver will be referring to it later.</li> <li>✓ Message is complex and requires study by receiver.</li> <li>✓ Message includes a step-by-step procedure.</li> <li>✓ A copy of the message should go to another person.</li> </ul> </td> </tr> </table>	<p><b>Oral face-to-face</b></p>	<ul style="list-style-type: none"> <li>✓ Receiver is not particularly interested in getting the message. Oral communication keeps interest and attention.</li> <li>✓ It is important to get feedback.</li> <li>✓ Oral channel creates a suitable climate for understanding by understanding emotions.</li> <li>✓ Receiver is too busy or preoccupied to read and might miss the written piece.</li> <li>✓ If criticism of receiver is involved.</li> <li>✓ Sender wants to persuade or convince.</li> <li>✓ Discussion is needed. A complicated subject frequently requires discussion to be sure of understanding.</li> <li>✓ Receiver cannot read language of the sender.</li> </ul>	<p><b>Written</b></p>	<ul style="list-style-type: none"> <li>✓ Sender wants a record for future references.</li> <li>✓ Receiver will be referring to it later.</li> <li>✓ Message is complex and requires study by receiver.</li> <li>✓ Message includes a step-by-step procedure.</li> <li>✓ A copy of the message should go to another person.</li> </ul>
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## ⇒ Innovation - The Key to Success and Survival

- Innovation is doing existing things in a different manner. Thus, innovation may take the form of introduction of a new product or opening up of a new market or locating a new source of raw materials or it may involve use of new methods production or distribution or identifying new sources of finance, etc.
- Creativity is the process by which new ideas are generated and innovation involves translation of those ideas into new business opportunity.
- Innovation is the driver of growth.
- Innovation is achieved by remarkable people with a shared passion for problem solving and for turning ideas into realities with a positive attitude.
- Innovation is dependent on the organisation's ability to recognize market opportunities, internal capabilities to respond innovatively, and knowledge base.
- Innovation comes from a workforce empowered by both their ideas and their ability to contribute to the enterprise.
- Creating this innovative environment is the greatest business challenge of today's fast paced competitive and borderless business world.

## ⇒ Qualities of a Sustainable Innovation Organization

*There are specific elements that help a company to be more innovative. It is a blend of culture, methodologies, infrastructure, and work practices. A sustainable innovation organization should have:*

» Vision and strategy for innovation
» Culture supporting innovation
» Processes, practices and systems supporting innovation
» Top management team leading innovation
» Effective Cross-functional teams
» Empowered employees driving innovation
» Finding the Right Balance Between Bureaucracy and chaos

## ⇒ Key Elements in Innovation

<b>Accessibility</b>	<ul style="list-style-type: none"> <li>✓ The major organizational challenge is to make everyone, particularly the workers, active participants in the work process.</li> <li>✓ The innovative enterprise ensures everyone is accessible to each other at all levels within the organization.</li> <li>✓ Accessibility to everyone facilitates a feeling of teamwork, trust and equality.</li> </ul>
<b>Recognize and Reward Innovation</b>	<ul style="list-style-type: none"> <li>✓ Innovation can be made the essential part of the job requirement.</li> <li>✓ Employees giving suitable suggestions can be awarded financially as well as through personal recognition.</li> <li>✓ Innovators can be recognized in company newsletters, trade publications, and the local media.</li> <li>✓ Stories about innovators motivate even the other to perform.</li> </ul>
<b>Develop Company Programs</b>	<ul style="list-style-type: none"> <li>✓ Companies usually adopt different approaches to encourage innovation.</li> <li>✓ By placing employees in different environments, companies make sure that employees meet new people, come across new ideas, and, hopefully, generate their</li> </ul>

**NEVER GIVE UP. BE POSITIVE.**

<b>That Encourage Innovation</b>	<p>own novel approaches.</p> <ul style="list-style-type: none"> <li>✓ For example : 3M has a program that allows employees to spend up to 15% of their time working on their own innovative project with little or no direct managerial control.</li> </ul>
<b>Foster Informal Communication</b>	<ul style="list-style-type: none"> <li>✓ The paperwork involved in proposing or even pursuing a project can be a major roadblock to innovation.</li> <li>✓ Moreover, the message sent to employees by requiring extensive paperwork is that results must be guaranteed and failure is unacceptable.</li> <li>✓ Employees often feel stifled when asked to fully justify ideas.</li> <li>✓ Informal communication encourages discussion across departmental boundaries and formal lines of authority.</li> <li>✓ More useful ideas emerge in a free-flowing environment.</li> </ul>
<b>Information</b>	<ul style="list-style-type: none"> <li>✓ The right kind of information is called innoinformation.</li> <li>✓ This type of information is critical to the vitality of the enterprise.</li> <li>✓ Innoinformation consists of the plans, vision, goals, and all the new ideas affecting the enterprise.</li> <li>✓ The innovative enterprise is looking forward, continuously changing and adapting to the needs of the customer.</li> <li>✓ By providing Innoinformation everyone in the enterprise can see new opportunities, not just the people at the top.</li> </ul>
<b>Framework</b>	<ul style="list-style-type: none"> <li>✓ The innovative enterprise must constantly adapt, create and innovate.</li> <li>✓ Information and communication are the wind that sails the innovative enterprise toward its destination.</li> <li>✓ The difficulty lies in balancing the flow of information between providing too much or too little information.</li> <li>✓ Those businesses faced with a rigid hierarchy have a limited flow of information.</li> <li>✓ They end up pushing instead of leading their organization to the next juncture.</li> <li>✓ On the other hand, the innovative enterprise effectively uses information and communication to keep everyone informed, working together.</li> <li>✓ Businesses must concern themselves with providing the right information at the right time, in the most effective manner possible.</li> </ul>

### **Blast From The Past**

1.	N 10 (4 M)	State the reasons for acceptance of change in an organisation.
2.	N 12 (4 M)	State the reasons for accepting the change in the present management set-up of the corporate culture in a business organisation.
3.	M 13 (4 M)	Discuss various elements that can be used to describe or influence organizational culture.
4.	N 13 (5 M)	State the qualities which a sustainable innovation organization should possess.
5.	M 14 (4 M)	Explain those elements which can be used to influence an "Organizational Culture".
6.	N 14 (4 M)	Explain the key elements involved in the innovation frame work of an organisation.
7.	M 15 (4 M)	State the reasons for 'resistance to change' in an organization.
8.	M 17 (5 M)	What is meant by corporate culture? Enumerate the important elements of corporate culture?

9.	M 17 (4 M)	Piyush Company Ltd. proposed to launch new technologies in its Annual General Meeting to accomplish from coming financial year so that their profit rate may be increased. But the strong resistance was there against the change. State the reasons why people afraid of changes in the system.
10.	N 17 (4 M)	Explain the elements that can be used to influence an organisational culture.

**Check Your Progress... (Other Important Questions)**

1.	RTP M 12	State the elements that can be used to describe the organizational culture.
2.	RTP N 12	Specify the elements of culture that influences organizational culture.
3.	RTP N 13	State the reasons for acceptance of change in an organization.
4.	RTP N 13	What do you understand by the term Organizational Values?
5.	RTP N 13	Write short note on elements influencing Organizational Culture.
6.	RTP M 15	"A key element in any communication activity is the values of the organization", explain.
7.	RTP M 16	State the reasons for accepting the change in the present management set -up of the corporate culture in a business organisation.
8.	RTP N 16	Write short note on Organization Values.
9.	RTP N 17	State the reasons for acceptance of change in an organization.
10.	RTP M 18	Explain the key elements involved in the innovation frame work of an organisation.
11.	RTP N 18	Explain the elements that can be used to influence an organisational culture.

**BASIC UNDERSTANDING OF LEGAL DEEDS AND DOCUMENTS****Legal Drafting (RTP M 12)**

- ✓ Legal drafting is of great importance to a person for entering into various types of agreements with different parties and in executing various types of documents in favour of the other.
- ✓ This Legal drafting is a technical writing used by lawyers, judges, legislators and others in law to express legal analysis and legal rights, privileges, functions, status and duties.
- ✓ Drafting is of importance for the three reasons :
  - ❖ For obtaining legal consultations
  - ❖ For carrying out documentation
  - ❖ For interpretation of the documents
- ✓ Legal Drafting have been categorised into three forms :

<b>Document</b>	<ul style="list-style-type: none"> <li>✓ Sections 3 of the Indian Evidence act 1872 states that 'documents' means any matter expressed or described upon any substance by means of letter, figures or marks or by more than one of these means, intended to be used, or which may be used for the purpose of recording that matter.</li> <li>✓ Generally, a document includes a paper other material thing giving information proof or evidence of anything.</li> </ul>
<b>Instrument</b>	<ul style="list-style-type: none"> <li>✓ Section 2(14) of the Indian stamp act 1899 states that 'instrument' includes every document by which any right or liability is or purports to be created, transferred, extended, extinguished or recorded.</li> <li>✓ Hence, it means a formal legal document, which creates or confirms a right or records a fact.</li> </ul>
<b>Deed</b>	<ul style="list-style-type: none"> <li>✓ 'Deed' means as an instrument in writing purporting to effect some legal disposition.</li> <li>✓ Simple stated deeds are instruments though all instruments may not be deeds. There is no difference between the two in India.</li> </ul>

**⇒ Partnership Deed**

**Q. Draft a general agreement of partnership deed. (RTP M 15)**

**Q. State the important components required in writing a "Partnership Deed" of a business firm. (N 12, 4 M)**

*A partnership firm may be constituted either by oral agreement or by a written agreement. A written agreement of partnership or partnership deed is preferred as it minimizes the possibilities of disputes in future.*

**Components of the Partnership Deed**

- ✓ A Partnership Deed is divided into different paragraphs. Each paragraph deals with relevant and related information in simple and intelligible language.
- ✓ If a particular part is not applicable in a particular case that part is omitted from the document.
- ✓ The important components in general are as following :
  - ❖ Heading of the document
  - ❖ Date and place of execution of the document
  - ❖ Names & description of Parties

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- ❖ Recitals
  - ❖ Terms and condition
  - ❖ Special rules
  - ❖ Jurisdiction
  - ❖ Signature of the parties
  - ❖ Signature of the witnesses
- ✓ The Deed must be executed on a stamp paper of prescribed value.
  - ✓ The copy of the deed must be sent to the Registrar of Partnership Firms along with the prescribed form duly completed for issue of acknowledgement by the Registrar of Firms.
  - ✓ All subsequent changes must be notified to the Registrar.

**THIS DEED OF PARTNERSHIP** made at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20.....

**BETWEEN**

1. \_\_\_\_\_, son of/ daughter of/ wife of \_\_\_\_\_, aged \_\_\_\_\_ years, resident of \_\_\_\_\_, hereinafter called the **FIRST PARTY**;

**AND**

2. \_\_\_\_\_, son of/ daughter of/ wife of \_\_\_\_\_, aged \_\_\_\_\_ years, resident of \_\_\_\_\_, hereinafter called the **SECOND PARTY**;

**WHEREAS** the parties hereto have agreed to commence business in partnership and it is expedient to have a written instrument of partnership:

**NOW THIS DEED OF PARTNERSHIP WITNESSTH AS FOLLOWS:**

1. The parties hereto have mutually agreed to carry on the business of \_\_\_at\_\_\_ and to share the profits and losses of the said business in partnership among themselves and they have constituted themselves into a firm under the name and style of M/s\_\_\_\_\_.
2. The partners may by mutual agreement, carry on any business or may shift the principles place of business or have additional places of business or close down the business carried on at any place or places.
3. It shall be a partnership at will.
4. The capital of the firm is fixed at \_\_\_\_\_only, which shall be contributed by the partners as follows, namely:  
First party \_\_\_\_\_  
Second party \_\_\_\_\_  
The partners may mutual agreement increase or decrease the capital and their respective contribution thereto.
5. The firm shall regularly maintain a true and correct account of all its incomings and outgoings and also of all its assets and liabilities, in the proper books of account, which shall ordinarily be kept at the firm's place of business; and an account shall be taken on \_\_\_\_\_ day of \_\_\_\_\_ of the points and losses of the business.
6. The share of the parties hereto in the profits and losses of the firm shall be equal. The amount falling to the share of each party, on the taking of accounts as aforesaid shall be credited or debited to his personal account in the books of the firm.
7. The firm shall maintain one or more banking accounts with such bank as decided by partners and such account shall be operated upon such one or more than one partner or all or any of the partners.

8. No partner shall be entitled to any remuneration for attending to the business of the firm as its partner, which both of them shall be bound to attend diligently to the greatest common advantage.
9. In the event of the death of a partner during the subsistence of the partnership leaving a widow or child or children surviving him, the surviving or continuing partner shall, so long as he continues the business of the partnership and so long as the widow or child or children shall live, pay to the said widow or child or children the sum of \_\_\_\_\_ without any deduction to be paid by twelve monthly installments, the first payments to be made at the end of one calendar month from the date of the date of the death of the deceased partner.
10. In the event of the death or retirement of a partner, the surviving or continuing partner shall publicly advertise the dissolution of the firm or retirement of the partner in the manner provided for the Indian partnership act 1932.
11. On the termination of the partnership, the affairs thereof shall be wound up in accordance with Indian partnership act 1932.
12. All disputes which may arise at any time between the partners relating to the partnership affairs or the construction of this agreement shall be referred to a single arbitrator to be appointed by them and the decision of such arbitrator shall be final and binding on all the parties.

**IN WITNESS WHEREOF**, the said parties have put their respective signatures to this deed of partnership on the day, month and year first above written.

**WITNESS**

- 1.
- 2.

**Name and signature of First party****Name and signature of Second party****OR**

**This AGREEMENT OF PARTNERSHIP** is made in ..... city on ..... day of January, 2015 between ..... (hereinafter called the FIRST PARTY) and ..... (hereinafter called the SECOND PARTY) on the terms and conditions set forth herein :

The parties aforementioned mutually agree :

1. That the name of the partnership shall be .....
2. The partnership shall commence on the .....day of January, 2015 for the purpose of carrying on the business of .....and shall continue for .....years unless determined earlier by notice in writing by any party delivered to the other parties.
3. The capital of the partnership shall be Rs. .... which shall be contributed in equal shares by the parties.
4. The share of the parties in profits and losses shall be equal.
5. Proper and regular account of the affairs and transactions of the partnership shall be maintained and kept at the principal place of business of the partnership.
6. Six monthly balance-sheet and profits and loss account shall be prepared under the supervision of all the parties and shall be signed by each party, who shall be bound thereby except for error discovered and rectified within three months thereof.
7. No partner shall carry on any other business which may be allied or similar to the business of the partnership.
8. Death of a partner shall not operate as dissolution of the partnership.

9. Any dispute arising out of his partnership shall be referred for adjudication to the arbitration of the President of the Bar Association at or his nominee whose decision shall be final and binding on all parties and their legal representatives.

**In witness whereof**, the parties of aforementioned have signed this deed of partnership.

**WITNESS**

- 1. ....
- 2. ....

**Signature**

**First Party** .....

**Second Party** .....

**⇒ Partnership Retirement Deed**

- Q. A partnership firm was constituted by A, B and C. A, the partner of the firm, expressed his desire to retire from the partnership firm by Mutual consent. Draft a "Partnership Retirement Deed". (N 09, 5 M)
- Q. A, B and C are partners of a firm. A retires from the firm by mutual consent due to sickness. Remaining partners (B and C) decide to admit D as a new partner in their firm. Draft a deed for reconstitution of partnership. (N 10, 4 M)

**THIS DEED OF RETIREMENT** made at \_\_\_\_\_ on this \_\_\_\_\_ 20 \_\_\_\_\_,

**BETWEEN**

1. \_\_\_\_\_, son of/ daughter of/ wife of \_\_\_\_\_, aged \_\_\_\_\_ years, resident of \_\_\_\_\_, and \_\_\_\_\_, son of/ daughter of/ wife of \_\_\_\_\_, aged \_\_\_\_\_ years, resident of \_\_\_\_\_, both collectively hereinafter referred to as the '**Continuing Partners**' of the one part;

**AND**

2. \_\_\_\_\_, son of/daughter of/wife of \_\_\_\_\_ aged \_\_\_\_\_ years, resident of hereinafter referred to as the '**Retiring Partner**' of the other part on the terms and conditions set forth herein,

**WHEREAS:**

- 1. The parties hereto have been carrying on business in partnership in the name and style of M/s \_\_\_\_\_ since \_\_\_\_\_ under a deed of partnership dated \_\_\_\_\_
- 2. The retiring partner expressed his desire to retire from the said firm on and with effect from the close of \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.
- 3. The retiring partner has retired from the said partnership with effect from the close of \_\_\_\_\_, 20 \_\_\_\_\_.
- 4. The parties hereto are desirous of reducing into writing the terms and conditions relating to the retirement of the retiring partner from the said partnership business.

**NOW THIS DEED OF RETIREMENT WITNESSTH AS FOLLOWS :**

1. The retiring partner hereby retires from the partnership business carried on under the name and style of M/s \_\_\_\_\_ (hereinafter called the 'said firm') as from the close of \_\_\_\_ and accordingly he ceases to be a partner of the said firm from the said date.
2. The retirement of the retiring partner shall be deemed to be change in the constitution of the firm not involving the dissolution of the firm. As from the said date, the continuing partners shall be entitled to continue to carry on the said business in partnership on such terms as may be agreed upon between them.
3. As on the said date, the accounts have been made and settled and signed by the parties, which are enclosed herewith and marked as exhibit 'A'. The retiring partner confirms that as a result of accounts being taken a sum of \_\_\_\_\_ is due and payable to him in lieu of his share in the said partnership business including its assets and he has no other claim against the continuing partners in respect of the said partnership business.
4. The continuing partners hereby agree to pay the said sum of \_\_\_\_\_ to the retiring partner on or before the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.
5. The retiring partner shall have right, title, claim or interest in running business of the firm or its assets, its outstanding dues and receivables and outstanding contracts, and that the same shall belong to the continuing partners alone.
6. The continuing partners confirm that they will duly discharge all the debts and liabilities which may arise after the said date in respect of the business carried on by the said firm at anytime during the existence of the firm, and that the retiring partner shall not be liable for such debts or liabilities.
7. The retiring partner hereby agrees and undertakes that he will not use the name of the firm and will not carry on the same or similar business as at present carried on by the firm for a period of \_\_\_\_ years from now and within the state of \_\_\_\_\_.
8. The retirement of the retiring partner shall be advertised in the official Gazette and local newspapers. The notice of retirement shall also be given by the parties to all the concerned authorities, including the registrar of firms.
9. All the expenses of and incidental to stamping and registration of this deed will be borne by the parties hereto in equal share.
10. If any dispute arises between the parties, the parties shall refer the same to arbitration in accordance with the provisions of the Arbitration and conciliation act 1996.

**IN WITNESS WHEREOF**, the said parties have put their respective signatures to this deed of retirement on the day, month and year first above written.

**WITNESS**

- 1.
- 2.

**Names and signatures of the Continuing Partners**  
**Name and signature of Retiring Partner**

## ⇒ Lease Deed

- Q. Draft a lease deed of a land for a limited period. (RTP M 12)
- Q. The Board of Directors of RSP Limited agrees with X to hire his (X's) flat at NOIDA on lease for ten years @ Rs. 20,000 per month for marketing office of the company. You are a senior executive of the Board and the Board asks you to prepare the lease deed for the agreement. Draft a lease deed. (M 10, 5 M)
- Q. What do you understand by "Lease deed"? Draft a lease deed assuming necessary facts. (M 13, 8 M)

*The transfer of enjoyment of immovable property by one person called the lessor to another person called lessee consideration of a premium is called as 'lease'.*

### Section 105 of Transfer of Property Act, 1882

<b>Meaning</b>	<ul style="list-style-type: none"> <li>✓ It is a transfer of right by one party to the other party, to enjoy immovable property for a certain time or in perpetuity for consideration.</li> </ul>
<b>Ingredients</b>	<ul style="list-style-type: none"> <li>✓ The transferor is called lessor.</li> <li>✓ The transferee is called lessee.</li> <li>✓ The price is called premium.</li> <li>✓ The money, share, service or any other thing is called rent.</li> </ul>
<b>Essentials</b>	<ul style="list-style-type: none"> <li>✓ The lessor must be competent to contract.</li> <li>✓ The lessee must also be competent to contract; a sale to minor is valid but lease to a minor is void.</li> <li>✓ There must be transfer of a right to enjoy the property.</li> <li>✓ Subject matter of lease must be immovable property.</li> <li>✓ Transfer must be for a certain time or in perpetuity.</li> <li>✓ It must be made for consideration.</li> <li>✓ It must be accepted by transferee i.e. lessee.</li> <li>✓ The lease can be assigned or transferred.</li> <li>✓ A lease is heritable.</li> </ul>

*The terms of lease including the period of lease, amount of rent etc. are contained in a leased agreement or deed duly executed and signed by both the lessor and lessee.*

**THIS DEED OF LEASE** made at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

#### BETWEEN

1. \_\_\_\_\_, son of/daughter of/wife of \_\_\_\_\_, aged \_\_\_\_\_ years, resident of \_\_\_\_\_, (hereinafter called "**LESSOR**" of the first part)

#### AND

2. \_\_\_\_\_, son of/daughter of/wife of \_\_\_\_\_, aged \_\_\_\_\_ years, resident of \_\_\_\_\_, (hereinafter called "**LESSEE**" of the other part)

#### WHEREAS:

1. The lessor is the sole and absolute owner of residential flat no. \_\_\_\_\_ more fully described in the schedule.

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2. The lessee is desirous of taking on lease the said property from the lessor for a period of \_\_\_\_ years upon the terms and conditions hereinafter mentioned.

**NOW THEREFORE THIS DEED OF LEASE WITNESSTH AS FOLLOWS :**

The lessor hereby grants by way of lease the schedule property to the lesser on the following terms and conditions:

1. That the lesser has undertaken to pay the lessor a monthly rent of \_\_\_\_ for the scheduled property on or before the \_\_\_\_ day of the following calendar month.
2. The lease shall commence from the \_\_\_\_ day of \_\_\_\_ and shall be in force for period of \_\_\_\_ years.
3. The lessee shall use the scheduled property only for residential purpose and shall assign or use the scheduled premises for any unlawful purposes.
4. During the lease period, the lessee shall pay the electricity and water charges to the respective departments promptly.
5. The lessee shall permit the lessor or his agents, to enter the scheduled property at all reasonable times for the purpose of periodical inspection.
6. The lessee shall quietly and peacefully hold, possess and enjoy the scheduled property during the said term of lease, without any interruption and disturbance from the lessor or any other authorized person.
7. That in the event of non-payment of rent by the lease for a period of two consecutive months, it shall be lawful for the lessor to terminate the lease by giving a notice in writing to the lessee.
8. That the lessee shall deliver back in good condition, the possession of the scheduled premises to the lessor immediately upon the expiry of the said terms and conditions or on earlier termination.
9. That the lessee shall enjoy the scheduled property on "as is where is" basis and the lessor will not be bound to make any additions or alterations to the property.

**IN WITNESS WHEREOF**, the said parties have put their respective signatures to this deed of lease on the day, month and year first above written.

**SCHEDULE**

All immovable property consisting of residential flat no \_\_, admeasuring\_\_ sq.ft area bounded by :

On the east –

On the west –

On the north –

On the south –

**WITNESS**

1.

**Name and signature of Lessor**

2.

**Name and signature of Lessee**

## ⇒ Gift Deed

- Q. X desires to gift his flat to Y. Draft a gift deed. (N 10, 4 M)
- Q. Draft a 'Gift Deed' assuming your own facts regarding parties and subject matter relating to gift. (M 14, 4 M)
- Q. Mr. S gifted his house to his nephew P, on account of Natural Love and Affection. Draft a gift deed. (RTP N 12)
- Q. Write a short note on Gift deed. X desires to gift his flat to Y. Draft a gift deed. (RTP M 13)
- Q. Ram Prasad is a retired teacher and due to his ill health he lives with his nephew at Delhi. He has a house at Delhi which he wants to gift to his nephew. Draft a Gift Deed for Ram Prasad. (N 17, 4 M)

## Provisions of Transfer of Property Act, 1882 &amp; Indian Succession Act, 1925

- ✓ Gift is defined as the transfer of certain movable or immovable property made voluntarily and without consideration by one person called the donor to other called the donee and accepted by or on behalf of the donee.
- ✓ Registration of a gift of immovable property is a must and that of movable property is optional.
- ✓ A gift to be valid must be accepted by the donee during the life time of the donor.

**THIS DEED OF GIFT** made at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

**BETWEEN**

1. \_\_\_\_\_, son of/daughter of/wife of \_\_\_\_\_, aged \_\_\_\_\_ years, resident of \_\_\_\_\_, (hereinafter called "**DONOR**" of the first part)

**AND**

2. \_\_\_\_\_, son of/daughter of/wife of \_\_\_\_\_, aged \_\_\_\_\_ years, resident of \_\_\_\_\_, (hereinafter called "**DONEE**" of the other part)

**WHEREAS:**

1. The donee is related to the donor as \_\_\_\_\_.
2. The donor is the sole and absolute owner of residential flat no.\_\_\_\_ (hereinafter referred to as "**PROPERTY**").
3. The donor had acquired the scheduled property on\_\_\_\_ by way of \_\_\_\_\_ and since then the donor has been in possession as the sole and absolute owner thereof.
4. The donor wishes to gift the said property absolutely to the donee.

**NOW THEREFORE THIS DEED OF GIFT WITNESSTH AS FOLLOWS:**

1. That the donor, without any monetary consideration, hereby makes a gift of a whole of the said property, together with all rights, title, interest to the donee absolutely and forever.
2. That the donor has absolute right and authority to gift the said property.
3. That the donee shall have the right to hold, use or sell the property but subject to payments of all taxes, rates, duties now and hereafter.
4. That the donee may peacefully and quietly enter upon, take possession and enjoy the said

**NEVER GIVE UP. BE POSITIVE.**

property without any disturbance from the donor or other authorized person.

- 5. That the donor hereby confirms that the gift is made by him out of natural love and affection due to their relationship.
- 6. That the gift has been made by the donor out of his free will and without any force, compulsion of undue influence.
- 7. That the donee hereby accepts the gift.

**IN WITNESS WHEREOF**, the said parties have put their respective signatures to this deed of lease on the day, month and year first above written.

**SCHEDULE**

All immovable property consisting of residential flat no \_\_, admeasuring\_\_ sq.ft area bounded by:

- On the east –
- On the west –
- On the north –
- On the south –

**WITNESS**

- 1.
- 2.

**Name and signature of Donor**  
**Name and signature of Donee**

**OR**

**THIS DEED OF GIFT** made on this 15th day of May 2014 BETWEEN 'X' an Indian aged about 70 years, son of 'A' resident of .....(hereinafter called "the Donor") of the one part AND 'Y' an Indian aged about 30 years, son of 'B', resident of .....(hereinafter called "the Donee") of the other part :

**WHEREAS** the Donor has no issue and the donee is the nephew of the Donor and has been living with him since childhood in the house owned by Donor.

**AND WHEREAS** the Donor out of natural love and affection for his said nephew, is desirous of making a gift of the said house to the donee.

**NOW THEREFORE THIS DEED WITNESSETH as follows :**

- 1. That in consideration of natural love and affection of Donor for the Donee, the donor hereby voluntarily transfers to the Donee free from all encumbrances whatsoever of the said house with all rights of easements, privileges appurtenant thereto and to hold the same unto the donee absolutely forever.
- 2. That the Donor or his heirs shall have no interest in the said house hereafter.
- 3. That the Donee hereby accepts the said transfer made by the Donor.
- 4. That the value of the said house is Rs. 5,00,000/- (Rupees Five Lakhs only).

**IN WITNESS WHEREOF** the parties hereto have signed this deed at .....in presence of the witnesses on the day and year first hereinabove written.

**SIGNED AND DELIVERED**

**By the within named "Donor"**

**In the presence of**

- 1).....
- 2).....

**SIGNED AND DELIVERED**

**By the within named "Donor"**

**In the presence of**

- 1).....
- 2).....

## ⇒ Power of Attorney

### Meaning

- ✓ A power of attorney is an authority given whereby one person authorizes another person to act on his behalf.
- ✓ The purpose of power of attorney is to give to the attorney, full power and authority to accomplish the act intended to be performed.
- ✓ A power of attorney includes 'vakalatnama'.

**Example : Subscribers to the MOA of company giving Power of Attorney to CAs regarding COI**

### Special power of attorney

We, the undersigned, being the subscribers to the memorandum of association and articles of association of \_\_\_\_\_ Pvt. Ltd./Ltd., do hereby appoint M/s. \_\_\_\_\_, chartered accountants, having office at \_\_\_\_\_ represented by Mr. \_\_\_\_\_ and Mr. \_\_\_\_\_, jointly and severally, to do one or all of the following acts, deeds and things namely:

1. To present memorandum of association, articles of association and all other documents for incorporation of the said company before the register of companies.
2. To make such corrections, alterations, deletions or additions, as required by registrar to be done in the documents.
3. To receive letters of objection and other documents in connection with incorporation of the company.
4. To sign forms, documents and papers required for the purpose of incorporation of the company.
5. To do such other acts, deeds and things as are required for the incorporation of the said company.
6. To collect the certificate of incorporation from the registrar of companies.

**THIS POWER OF ATTORNEY** is executed by us with free consent and without any coercion or undue influence on this \_\_\_\_ day of \_\_\_\_ 20\_\_.

**Names, addresses and signatures of the subscribers**

- 1.
- 2.

Place:

Date:

**Names, Addresses and Signatures of of Attorneys**

- 1.
- 2.

**Q. M/s. Assure Investments, a firm of partners A and B, appoint and authorize Mr. X giving powers to sell and sign transfer deeds for transfer of shares and debentures by executing an instrument of the "Power of Attorney". Draft such instrument of the "Power of Attorney" of the firm. (N 12, 4 M)**

**Q. The Board of Safe Investments Pvt. Ltd., appoint and authorize Mr. Alok giving powers to sell and sign transfer deeds for transfer of shares and debentures by executing an instrument of the "Power of Attorney". Draft such instrument of "Power of Attorney". (RTP N 16)**

**Power of Attorney to execute a deed for the transfer of shares & debentures**

**BY THIS POWER OF ATTORNEY**, Safe Investments Pvt. Ltd. (full details), the company hereby appoints Mr. Alok (full details) as Attorney of the company, to act in his name and on his behalf and to do or execute all or any of the acts or things relating to transfer of shares and debentures, that is to say:

1. To receive from.....(Full details), the transferee the sum of Rs. ....(Rupees..... only) being the price agreed to be paid to the company by the said transferee for the purchase of (full description of shares and debentures) under an agreement dated.....and to give proper receipt and discharge for the same.
2. To execute a transfer deed of the said shares and debentures
3. To present the said transfer deed for registration before the proper registration authority, to admit the execution thereof, to do all acts, deeds and things which may be necessary for registering the said transfer deed.
4. To execute or to do all acts, things or deeds or assurance for the completion of the transfer of the said shares and debentures.

**AND**, the company **DO HEREBY AGREE** to ratify all acts, things, deeds or proceedings lawfully done by the said Attorney on behalf of the company and in the name of the company by virtue of this power of attorney and the same shall be binding on company in full force or effect.

**IN WITNESS WHEREOF** the company has executed this power at .....this .....day of ..... 20...

**Witness :**

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_

**Signature  
(Executant)**

**Q. Draft a 'Power of Attorney' by an assessee authorizing a professional to appear before the Income Tax Authorities in respect of the pending taxation matter. (N 14, 4 M) (RTP N 17)**

**Power of Attorney to appear before Income Tax Authorities**

I, .....S/o....., R/o.....and partner of the firm M/s.....with registered office at....., do hereby appoint Mr..... S/o....., R/o.....as attorney of the firm above named and authorize him for the purpose hereinafter mentioned :

1. That the said attorney shall appoint an advocate of his choice and hand him over the judgement of the tribunal of Income Tax and instruct him to file the appeal against the order, for the Assessment Year .....
2. That the said attorney shall execute Vakalatnama to the Advocate appointed by him and shall sign all the related papers under the supervision of the advocate.
3. That specimen signature of the said attorney is given below of this deed.
4. The said attorney shall generally do all other lawful acts necessary for the conduct of the said case.

I hereby declare that the acts done by the said attorney in connection with the work given to him shall be deemed to have been done by me and shall be binding on the firm and its partners.

**IN WITNESS WHEREOF** I have signed this power of attorney in the presence of the following witnesses:

**WITNESSES :**

- 1.....
- 2.....

**Signature  
(Holder of Power of Attorney)**

**Q. What is a Power of Attorney? Draft a Power of Attorney to execute a Sale Deed. (M 17, 4 M)**

**POWER OF ATTORNEY TO EXECUTE A SALE DEED**

BY THIS POWER OF ATTORNEY, I .....aged .....years, son of ....., resident of ..... hereby appoint .....aged ..... years, son of .....resident of ....., as my Attorney to act in my name and on my behalf and do or execute all or any of the acts or things hereinafter mentioned, that is to say:

1. To receive from ....., aged about.....years, son of ....., resident of .....the Purchaser, the sum of Rupees ..... ( ..... ) only being the price agreed to be paid to me by the said Purchaser for the purchase of (give full description of property) under an agreement dated .....and to give proper receipt and discharge for the same.
2. To execute a sale-deed of the said property.
3. To present the said sale-deed for registration before the proper registration authority, to admit the execution thereof, to do all acts, deeds and things which may be necessary for registering the said sale-deed.
4. To execute or to do all acts, things or deeds or assurance for the completion of the sale of the said property.
5. To deliver possession of the said property to the Purchaser or his nominee.

AND I DO HEREBY AGREE to ratify all acts, things, deeds or proceedings lawfully done by my said Attorney on my behalf and in my name by virtue of this power of attorney and the same shall be binding on me in full force or effect.

**IN WITNESS WHEREOF** I have executed this power at .....this .....day of .....20.....

**Witness:** .....

**Executant**

**⇒ Affidavit**

**Meaning**

- ✓ An affidavit is a written statement used mainly to support certain applications and in some circumstances as evidence in court proceedings.
- ✓ A person who makes the affidavit is called the Deponent and must swear or affirm that the contents are true before a person who has the authority to administer oaths in respects of the particular kind of affidavit.

**AFFIDAVIT FOR TRANSMISSION OF SHARES**

I, \_\_\_\_\_ son of/daughter of/wife \_\_\_\_\_, aged \_\_\_\_\_ years, resident of \_\_\_\_\_, do solemnly and sincerely swear and state as under:

1. That Mr. \_\_\_\_\_, the shareholders of \_\_\_\_\_ Ltd./ Pvt. Ltd., resident of \_\_\_\_\_ died on \_\_\_\_\_ at \_\_\_\_\_.
2. That the late Mr.\_\_\_\_\_ died intestate, leaving behind me as he/she legal heir.
3. That under the law, I am the only heir legally entitled to inherit the assets of the said deceased and that no other person has any right, title, interest, claim in or to the said assets of the deceased.

**NEVER GIVE UP. BE POSITIVE.**

- 4. That the late Mr. \_\_\_\_\_ held in \_\_\_\_\_ Ltd./ Pvt. Ltd. \_\_\_\_\_ shares bearing distinctive no \_\_\_\_\_.
- 5. That I am entitled to get the said \_\_\_\_\_ shares held by the deceased and hereby request the board of directors of \_\_\_\_\_ Ltd/Pvt. Ltd to effect transmission of these shares in my name and state that no other person has any objection whatsoever to the company's effecting transmission of the said shares to my name.

SWORN ON THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20 \_\_\_\_ AT \_\_\_\_\_

BEFORE ME:  
NOTARY

SIGNATURE OF THE DEPONENT

### VERIFICATION

I solemnly affirm that what is stated hereinabove is true to the best of my knowledge and belief, and that no part thereof is incorrect.

Place  
Date

SIGNATURE OF THE DEPONENT

### Q. Draft the performa of affidavit for not having a Marriage certificate. (RTP N 14)

I, .....S/o.....R/o.....do hereby solemnly affirm and declare an oath as under :  
"That the marriage between.....(name of spouses with details) solemnized with the Hindu rituals on..... at----- (Name of place).

That due to inadvertence, I did not register my marriage with the concerned department and not having marriage certificate.

Date : .....  
Place: .....

Signature  
Deponent

### Q. Azaad wanted to file an ITR of its company, but due to incompleteness of audit, he wanted the extension of time to submit the same. He wrote an application to Income Tax Officer for the extension of time for the filing of an ITR. Draft an affidavit supporting the application before the Income tax officer for grant of extension of time to submit ITR. (RTP N 13)

I, Azaad, S/o-----Aged-----R/o----- hereby declare on oath as follows :  
1. That the return of Income tax of my company was to be filed by the----- (Date).  
2. That the notice under the the Income Tax Act has been served requiring the company to file its return of income by the ----- (Date).  
3. That the accounts of the company are closed on 31st March every year and they are under the audit.  
4. That since the audit is in progress and has not been completed till now----- (Date), I had made an application for extension of time in your office and I was made to understand that the extension of time will be allowed till ----- (Date).

I, Azaad, the deponent do hereby verify that the above stated contents are true to the best of my knowledge and belief.

Date : .....  
Place: .....

Signature  
(Azaad)

**Q. What is an affidavit? Draft an affidavit certifying that SF Ltd. does not have any tax dues to the Central Government. (N 16, 4 M)**

I, Mr. MNB, son of Mr. SCD aged 50 years residing at Mandir Marg, Nagpur, Maharashtra, hereby solemnly affirm and declare on oath as under:  
That SF Ltd. has cleared all tax dues of the Central Government and does not have any tax dues outstanding towards Income Tax /Service Tax/Central Excise or any other Central Government authority as on to-day, i.e., 4th November, 2016.  
Sworn on this 4th day of November, 2016.

**Date :**.....  
**Place:**.....

**Signature  
(Deponent)**

**⇒ Indemnity Bond**

**Meaning**

- ✓ A contract of indemnity as defined under Section 124 of the Indian Contract Act, 1872 is a contract by which one party promises to safe the other from loss cost to him by the contract of the promissory himself or by the contract of any other person.
- ✓ A person who gives the indemnity is called indemnifier and a person for whom protection is given is called the indemnity holder.

**Example : Indemnity Bond to GOI regarding share in TDS**

**Name of the Assessee :**

**P.A.N. No. :**

**Assessment Year :**

I..... son/ wife/ daughter of ..... Resident of ..... do hereby agree to indemnify the Government of India for any loss that may occur on giving credit for the Certified Photostat copies of the TDS Certificates/ ...../ ...../ ..... for a sum of Rs. .... being ... % of my share in the total TDS of Rs. . ..... of .....

I further declare that the credit for consolidated TDS Certificate was not claimed in the hands of the Association of Persons ,.....

**Date :**  
**Place:**

**Signature**

**Q. Mr. V is a shareholder of M/s Brown Limited, holding 150 Equity Shares of Rs. 10 each, on which the company has declared a total dividend of Rs. 1,500 for the year 2011-12. Mr. V did not receive the dividend warrant sent by the company.**

**Draft an 'Indemnity Bond' to be sent to the company requesting the company to issue a duplicate dividend warrant. (M 12, 5 M)**

**Q. Mr. Atul has not received a dividend warrant of Rs. 1,500 for 150 shares of Xtra Ltd. Draft an indemnity bond, to be given to the company for seeing release of Dividend. (RTP N 15)**

**Q. Mr. Somnath has not received a dividend warrant of Rs. 1,700 for 170 shares of Cute Fabrics Ltd. Draft an indemnity bond, to be given to the company for seeing release of Dividend. (RTP M 16)**

**Q. What is an indemnity bond? Mr. Ajay Sinha has not received a dividend warrant of Rs. 1500 for 150 shares of XYZ Ltd. Draft an indemnity bond, to be given to the company, for seeking release of dividend. (M 16, 5 M) (RTP N 18)**

I, Mr. Ajay Sinha, S/o .....resident of .....do hereby agree to indemnify the XYZ Ltd. for any loss that may occur for seeking release of dividend for 150 shares of ` 1500 /-.

I further declare that personally I have not received the dividend warrant in question.

**Date :**

**Signature**

**Place:**

**Mr. Ajay Sinha**

**Q. What is an indemnity bond? Supply a format for Indemnity Bond. (RTP M 18)**

*The model form of indemnity bond is given below:*

Name of the Assessee:

P.A.N. No..... Assessment Year:.....

I ..... son/ wife/ daughter of ..... Resident of ..... do hereby agree to indemnify the Government of India for any loss that may occur on giving credit for the Certified Photostat copies of the TDS Certificates/ ...../...../ ..... for a sum of ..... being ... % of my share in the total TDS of ..... of ..... I further declare that the credit for consolidated TDS Certificate was not claimed in the hands of the Association of Persons .....

**Date :**

**Signature**

**Place:**

**Mr. Ajay Sinha**

## ⇒ Bond for a Loan Repayable in Installments

**Q. Draft the performa of a bond for a loan repayable in instalments.**

This Bond is made on the -----day of -----between -----(details of party to be called as debtor) and -----(details of the other party to be called as creditor).

Whereas the debtor has this day borrowed a sum of Rupees----- (Rs.....) only from the creditor with the condition to repay the same with interest at the rate of ----- percent per annum by monthly instalments. The debtor has agreed to pay the same.

Whereas in case of default in the payment of any consecutive instalments, the penalty shall be levied with double rate of interest on the remaining unpaid amount.

**Signature of debtor**

**Signature of creditor**

**Witnesses:**

1.....

2.....

**COMMUNICATION IN BUSINESS ENVIRONMENT****⇒ Notice of Annual General Meeting****STAR LIMITED****Regd. Office – SCO 221, Sector 36 D, Chandigarh – 160036**

Notice is hereby given that the 25<sup>th</sup> annual general meeting (AGM) of the members of STAR Limited will be held at 10:30 A.M on Monday, August 18 2014 at Hotel Park Inn, Sector 35, Chandigarh to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the profit and loss account for the year March 31 2014 and the balance sheet as the end of the said year together with auditor's and director's report thereon.
2. To declare a dividend of \_\_\_\_\_% on equity shares.
3. To appoint a director in place of Mr. \_\_\_\_\_ who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint auditors to hold the office from the conclusion of this meeting, until the conclusion of the next annual general meeting of the company and to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and if thought fit to pass the following resolution with or without modification as an ordinary resolution.

“RESOLVED that subject to the provisions of sections \_\_\_\_\_ & other applicable provisions, approval be and is hereby granted for variation in the remuneration for \_\_\_\_\_, managing director of the company with effect from September 5, 2014 on the term & conditions as appearing in the explanatory statement enclosed herewith.”

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR STAR LIMITED,**

**SD/-**

**Shikha Garg**

**COMPANY SECRETARY**

**PLACE Chandigarh**

**DATE: July 11 2012**

**Notes:**

1. A member entitled to attend and vote is entitled to appoint proxy, to attend and vote instead of himself and the proxy need not be a member of the company
2. The proxies in order to be effective, must be sent so as to reach the registered office of the company latest by 10.00 am on 16<sup>th</sup> August 2014, duly completed, stamped and signed, otherwise the proxy form will be rejected.
3. An explanatory statement pursuant to section \_\_\_\_\_ of the Companies Act, 2013 is enclosed.
4. The register of the members and share transfer books of the company will remain closed from August 11, 2014 to August 18 2014 (both day inclusive) in terms of Section \_\_\_\_\_ of Companies Act, 2013.
5. Member/proxies must bring the attendance slip filed in for attending the meeting.

**NEVER GIVE UP. BE POSITIVE.**

**Annexure to notice****Explanatory Statement pursuant to section \_\_\_\_\_ of the Companies Act 2013 :****Item no. 5****TERMS AND CONDITIONS RELATAING TO REMUNERATION FOR MR. \_\_\_\_\_****1. *Salary and allowances:***

Basic salary: 300000/- per month with effect from May 5, 2014

**2. *Perquisites***

- a. Furnished accommodation
- b. Facility of car with driver
- c. Contribution to provident and superannuation funds

All others terms and conditions of the appointment shall remain unchanged.

Your board recommends the passing of the ORDINARY RESOLUTION in the interest of the company.

**BY ORDER OF THE BOARD OF DIRECTORS****FOR STAR LIMITED,****SD/-****Shikha Garg****COMPANY SECRETARY****PLACE : Chandigarh****DATE : July 11 2012****⇒ Minutes of Annual General Meeting****STAR LIMITED****Minutes of 25<sup>th</sup> annual general meeting****Held at the Hotel Park Inn, Sector 35, Chandigarh****On Monday, August 18 2014 at 10:30 A.M****PRESENT**

1. Mr. .... (Chairman)
2. Mr. .... (Director)
3. Mr. .... (Director)
4. Mr. .... (Director)
5. Mr. .... (Company Secretary)
6. Mr. .... (Auditor)

**ALSO PRESENT**

27 members in person

8 members represented by proxies.

**1. Notice**

The notice convening the meeting was read by secretary.

**2. Director's reports and accounts**

With the consent of the members present, the Director's Report and Accounts having already been circulated to the members were taken as read.

**3. Auditor's report**

The Auditor's Report was read.

**4. Adoption of director's report**

The chairman then invited queries from the members present on Director's report, Accounts and Auditor's Report, but there was no query. Thereafter, the chairman proposed the following resolution which was seconded by\_\_\_\_\_.

"RESOLVED THAT the Director's Report, audited Balance Sheet as on March 31, 2012 and Profit and Loss Account for the year ended March 31, 2012 and Auditor's Report thereon be and the same are hereby received, considered and adopted."

The motion was then put to vote and on voting by show of hands, it was passed unanimously.

**5. Retirement of Director Mr. \_\_\_\_\_ and his reappointment**

Proposed by Mr. \_\_\_\_\_

Seconded by Mr. \_\_\_\_\_

"RESOLVED that Mr. \_\_\_\_\_, who retires by rotation and is eligible for reappointment to and is hereby re-appointed as a director of the company on the same terms & conditions".

The motion was then put to vote and on voting by show of hands, it was passed unanimously.

**6. Appointment of auditors**

Proposed by Mr. \_\_\_\_\_

Seconded by Mr. \_\_\_\_\_

"RESOLVED that M/S \_\_\_\_\_, chartered accountants, be and are hereby appointed auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration of Rs. \_\_\_\_\_".

The motion was then put to vote and on voting by show of hands, it was passed unanimously.

**Vote of thanks**

As there was no other business to be transacted, the meeting concluded with a vote of thanks to the chair.

**Dated:** \_\_\_\_\_

**Sd/-**

**(Chairman)**

## ⇒ Annual Report of Companies

- ✓ An annual report is a brief profile on the health of a company.
- ✓ Every company is required to circulate to all its members, a copy of balance sheet, profit and loss account, auditor's report and every other document required to be annexed or attached to the balance sheet.
- ✓ These documents have to be circulated at least 21 days before the meeting.
- ✓ A Company usually prepares an annual report, which contains all such documents, and provides to its members.

- ✓ It must contain certain financial and legal information as required under various provisions of Companies Act, 2013.

**CONTENTS**

- Chairman's letter to members
- Company profile
- Notice of annual general meeting
- Attendance slip & proxy form
- Managing director's profile/list of promoters
- Corporate information/financial performance
- Board's report
- Report on corporate governance/investor information
- Balance sheet/profit and loss account/financial ratios/cash flow statement etc.

**⇒ Press Release****Few Essentials**

- » It should provide facts or information of interest to the readers and should attempt to cover all aspects of a specific subject.
- » The release is a piece of clear writing without any ambiguity, without any effort towards colour or ornamentation.
- » There should not be any loose ends.
- » It should be on a subject which is recent or in news.
- » The release should not be generally lengthy.
- » It should be concise and to the point.
- » The introduction or lead should be in a summary format as it is a news story.

**Format**

- » The releases should have a consistent format.
- » Generally, the name of the organization from where the release emanates is given on the top.
- » The date and place are indicated on the top right side.
- » The release should have a title and a sub-title also, if necessary.
- » It should have a suitable introductory paragraph.
- » In the case of releases from non-official organization, it is desirable also to mention the designation of the person issuing the release and his telephone number.

- ✓ A press release is an announcement which a company sends to the press and other media about anything which it considers to be newsworthy.
- ✓ A press release is not an advertisement but it can result in useful publicity for the company issuing the release.
- ✓ Generally, a company sends a press release in the following cases:
  - ❖ Change in top managerial personnel
  - ❖ Declaration of financial results
  - ❖ Chairman's speech
  - ❖ Introduction of new innovative products

## ⇒ Government Press Release

### Types of press releases covering news in the case of the government

#### Press Communiqués

- » The press communiqués are issued when some important government decisions or announcements are made such as cabinet appointments, conclusion of the foreign dignitaries' visits, international agreement, etc. The press communiqué is formal in character.
- » It carries the name of the ministry or department and the place the date at the bottom left-hand corner
- » of the release.
- » Generally, the press is expected to reproduce the press communiqué without any substantial change.
- » No heading or subheading is given on press communiqués.

#### Press Notes

- » They are less formal in character.
- » They are issued on important matters, e.g., raising or lowering of tariff rates, etc.
- » The press note also carries the name of the ministry/department and the place and date at the bottom left-hand corner.
- » Heading or sub-heading are given in press notes.

#### Hand-outs

- » They are issued on a variety of subjects and on day-to-day activities of the ministry/department, VIP speeches, questions and answers in parliament, etc.
- » The hand-out is a less formal type of release and not issued under the government's formal authority.
- » It bears the name of the PIB of other releasing agency on the top without any mention of the ministry/ department to which the release pertains.
- » The place and date are indicated on top at right-hand side.
- » One of the most important common categories of handouts relate to the speeches of ministers or other high officials.
- » The hand-out is released only when the speech is concerned with governmental activity.
- » No official hand-out is issued if the minister has spoken in his personal capacity as a member of a political organization.
- » The speech when released to the press in the form of handout is summarized and properly edited.  
Formal introduce and concluding remarks are omitted and redundant and repetitive material taken out.
- » A proper title and sub-title are given.
- » The important aspects which are to be stressed are included in the beginning paragraph or in the lead.
- » The full text of the speech is not released unless the subject is of very great importance.
- » While covering inaugural and other functions where VIPs make speeches, the press release should stress on the significance of the function and try to spell out in concrete terms the gains to the community rather than reproducing the speech. For instance, the opening of a new branch of a bank or of power house at a particular place should be an opportunity to the communicator to bring out in the press release the specific gains which would accrue to the people of that area rather than only spotlighting on the dignitary and his speech.

- » The speech of the Prime Minister or of a very important dignitary at formal occasions or at important gatherings is generally released in full to ensure correct reporting. The full text is also helpful to the editors and column writers. It is also utilized for reference purposes in the future.

**Unofficial Hand-outs**

- » These are issued on a subject where the government would not like to assume official responsibility in the matter but feels that there may be positive advantages in making information public unofficially.
- » These hand-outs are supplements to oral briefings.
- » They are given across the table to press correspondents and no general release is made.
- » The unofficial hand-out do not have the imprint of the PIB or of other releasing agencies.
- » The data and place are indicated at bottom left-hand corner.

**⇒ Circular for Employees Insisting on Punctuality**

ABC Ltd.  
Civil Lines, Lucknow

**Circular No:**

**Date.....**

To all employees

Recent surprise checks have revealed that there is considerable late coming and in some cases, even the standard instructions for ensuring punctual attendance are not followed. All employees are requested to strictly adhere to the arrival, departure and lunch timing of the office. Tendency to move around in the corridors and canteen would also be viewed seriously. Cooperation of all employees is solicited.

Sd/-  
G.D.Mishra  
Manager – H.R.

**Q. Mr. X issued a cheque to Mr. Y for the payment on the account of purchase of the goods. Due to certain exigency in the business, X withdraws certain amount from his bank account. In order to avoid the dishonor of the cheque, he decides to stop the payment of cheque. Write a letter requesting the Bank to stop payment of a cheque.**

The Manager,  
Bank of India,  
Delhi

25<sup>th</sup> September 2015

**Reg : Stop Payment of cheque No. ----- dated ----- for Rs. ----- favouring Y**

Dear Sir,

Please stop the payment of the cheque no.-----dated ----- for Rs. ----- favouring Y.  
Please acknowledge the receipt of the letter.

**Yours faithfully,**

**X**

**(Customer)**

**Q. Board of Directors of -----Private Limited proposes to convene an Extraordinary General Meeting for changing the name of the company to ----- Private Limited. Draft the notice for calling the Extraordinary General Meeting of the Members.**

**Notice for Extraordinary General Meeting of the Members**

Notice is hereby given that extraordinary General Meeting of the members of ----- Private Limited will be held on ----- , the .....day of 2013, at the registered office of the company at..... at.....P.M. to transact the following business.

**Special Business**

To consider and if thought fit, to pass with or without modification the following resolution as special resolution.

**“Resolved that**, subject to the approval of the Central Government under section \_\_\_\_\_ of the Companies Act, 2013, the name of the company be and is changed from ----- Traders Private Limited to -----Private Limited and that consequent to this change, the Memorandum and Articles of Association of the company be altered accordingly.”

**By order of** the Board of Directors of ----- Private Limited.

**Secretary**.....

**Place**:.....

**Date** :.....

**Q. Draft a letter informing the customer that his cheque has been dishonoured.**

-----Bank Ltd  
-----Branch,  
New Delhi  
To,  
-----

Date.....

**Regarding** : Dishonour of cheque no.-----drawn on -----, dated-----

Dear Sir,

We inform you that your above cheque due to insufficient fund in your account was not clear and was received back by us. The cheque has been sent to you by registered post dated ----- at your residential address.

**Sd/-**  
**Manager of the Bank**

**Q. Write a letter to bank requesting to provide statements of salary accounts of three months i.e. from 1st January 2014 to 31st March, 2014.**

To,  
The Manager,  
Axis Bank,  
Delhi

**Reg :** Statement of Salary A/C no ..... from 1st of January, 2014 to 31st of March, 2014

Dear Sir,

As you aware that I, have been maintaining a salary account with your esteemed organization for the last ten years and also all our family deposits are with this branch.

I, am in need of statement of my salary accounts of the above mentioned period.

I, hereby request you to provide the statement at an earliest.<sup>[11]</sup><sub>[SEP]</sub>Thanking you.

**Yours faithfully,**

**(Mr. X)**

**(Customer)**

**Q. Your company has achieved extraordinary performance during the year 2012-13 in the field of 'Healthcare' by winning an export promotion award for exceeding the target of exports by 20%, launched 10 new life saving drugs and increases net profit by 30%. Draft a 'Press Release' incorporating all these details.**

**PRESS RELEASE**

HEALTHCARE PHARMACEUTICAL INDUSTRIES LTD.

ANOTHER YEAR OF STARLING PERFORMANCE

Press Note...../2013

Dated.....

Place.....

Healthcare Pharmaceutical Industries Ltd., the most trusted brand, turned out another startling performance during the year 2012-2013 exceeding all its previous achievements and touching new heights of growth.

- The export of the company registered a healthy growth of 22% over the previous year and won export promotion award.
- It launched 10 new life saving drugs including 2 very effective drugs against heart failure and liver disorders, developed by its own R & D Department.
- The net profit of the company went up by 30%.<sup>[11]</sup><sub>[SEP]</sub>

The company is now looking forward to the year 2013-14 for making new grounds and breaking all its previous records.

**Sd/-**

**A.K. BAJAJ**

**PUBLIC RELATIONS OFFICER**

**Q. Draft a notice for calling the meeting of the Board of Directors of a company. In this meeting, following transactions have to be proposed :-**

- (i) Mr. X to be co-opted as an Additional Director**
- (ii) Decision to be taken to buy-back company's equity shares**  
..... Limited  
.....(Address)

Date :

**Notice of the Meeting of the Board of Directors**

Dear Sir / Madam,

This is to inform you that a meeting of the Board of Directors will be held at the Registered Office of the company on ..... 2014 at .....(time) to transact the business as per the enclosed agenda.

You are requested to please attend the meeting.

**Yours faithfully,**

**Secretary**

For and on behalf of the Board of Directors

**Business Agenda**

1. Confirmation of the minutes of the previous Board Meeting held on.
2. Co-option of Mr. X as an Additional Director of the company
3. Buy-back of 10% of the equity shares of the company
4. Any other matter with the permission of the Chair.

By order of the Board of Directors  
(Signature)

**Place :**

**Date :**

## Blast From The Past

1.	N 09 (5 M)	TKR Limited wants to hold its statutory meeting on 20th December, 2009 to discuss the matters relating to formation of the company and incidental matters thereto. Draft a notice along with notes in brief for calling statutory meeting of the company.
2.	N 09 (5 M)	Fifth Annual General Meeting of the shareholders of Devrishi Limited was held on 20th August, 2009 at its registered office at Mumbai. 55 shareholders attended the meeting in person and 6 shareholders in proxy. Several ordinary business regarding adoption of audited Balance Sheet, declaration of dividend, appointment and re-appointment of directors and auditors were transacted at the meeting. Draft the minutes of the Fifth Annual General Meeting of the shareholders of Devrishi Limited.
3.	M 10 (5 M)	The statutory meeting of PQR Limited was held on 20th January, 2010 at its registered office at Kolkata. As a secretary of the company, draft the minutes of the statutory meeting of the shareholders of the company.
4.	M 10 (5 M)	State the contents that are required for drafting an Annual Report of a Company.
5.	N 10 (4 M)	MNP Limited was incorporated in September, 2010. Now the company wants to hold its first meeting of the Board of directors. Draft a notice of the said meeting along with agenda.
6.	N 11 (4 M)	Draft a business letter, presuming your facts that you have received the goods from the company and you are sending payments.
7.	M 12 (4 M)	Mr. X has received a cheque book from his bank (Sun Bank) where he (X) has his savings account. Write a letter to the Bank acknowledging the receipt of the cheque book.
8.	N 13 (4 M)	Your company has achieved extraordinary performance during the year 2012-13 in the field of 'Healthcare' by winning an export promotion award for exceeding the target of exports by 20%, launched 10 new life saving drugs and increases net profit by 30%. Draft a 'Press Release' incorporating all these details.
9.	N 13 (4 M)	The statutory meeting of ABC Limited was held on 20th January, 2012 at the registered office at New Delhi. Draft the minutes of the statutory meeting of the shareholders of the company.
10.	M 14 (4 M)	Draft a notice for calling the meeting of the Board of Directors of a company. In this meeting, following transactions have to be proposed : (i) Mr. X to be co-opted as an Additional Director (ii) Decision to be taken to buy-back company's equity shares.
11.	N 14 (5 M)	Prepare the detailed checklist for composing business message in an organization.
12.	M 15 (4 M)	Write short notes on : (i) The Press Communique (ii) The Press Notes
13.	N 15 (4 M)	Prepare a check list for organizing the messages in a business firm as a job of composing business messages being assigned to you.
14.	N 15 (4 M)	Draft a notice for convening the Board of Directors Meeting of M/s. Growmore Limited where the agenda is to consider buy-back of company's equity share capital to an extent of 5% of its issued share capital and also where Mr. Anand is to be co-opted as an additional director.

15.	M 16 (4 M)	The Press Release should be written in a journalistic style. Comment on the statement highlighting guidelines for drafting a Press Release.
16.	M 16 (4 M)	PQR Ltd. wants to hold its Annual General Meeting on 15th September, 2016. Draft a notice for calling Annual General Meeting of its shareholders to discuss the matters relating to ordinary business.
17.	M 17 (2 M)	Write short note on The Press Communiqué.
18.	M 18 (4 M)	The statutory meeting of Ashoka Business Corporation Ltd was held on 15th Jan 2018 at its registered office at Mumbai. Being the secretary of the company draft the minutes of this statutory meeting of the company.

### Check Your Progress... (Other Important Questions)

1.	RTP M 12	Draft a circular for employees insisting on maintaining the discipline in the office premises.
2.	RTP M 12	Draft a letter from the customer XYZ to the bank, admitting the acceptance of the cheque book.
3.	RTP N 12	Draft an office circular informing all the employees of the company of an appointment of Mr. X as a new chairman of the company.
4.	RTP N 12	Write a Press Note released by Ministry of Labour and Employment on the reduction of interest rate on EPF.
5.	RTP M 13	Write Short notes on: (a) Guidelines for drafting a Press Release (b) The Press Communiqué
6.	RTP M 13	Draft a notice for ABC's Annual General Meeting with four ordinary business.
7.	RTP N 13	Mr. X issued a cheque to Mr. Y for the payment on the account of purchase of the goods. Due to certain exigency in the business, X withdraws certain amount from his bank account. In order to avoid the dishonor of the cheque, he decides to stop the payment of cheque. Write a letter requesting the Bank to stop payment of a cheque.
8.	RTP M 14	Board of Directors of X Private Limited proposes to convene an Extraordinary General Meeting for changing the name of the company to Y Private Limited. Draft the notice for calling the Extraordinary General Meeting of the Members.
9.	RTP N 14	Draft a letter informing the customer that his cheque has been dishonoured.
10.	RTP M 15	Write a letter to bank requesting to provide statements of salary accounts of three months i.e. from 1st January 2014 to 31st March, 2014.
11.	RTP N 15	Draft a business letter, presuming your facts that you have received the goods from the company and you are sending payments.
12.	RTP M 16	Ashoka Paper Limited was incorporated in September, 2015. Now the company wants to hold its first meeting of the Board of Directors. Draft a notice of the said meeting along with agenda.
13.	RTP N 16	Symphony Ltd. wants to hold its Annual General Meeting on 5th August, 2016 to discuss the matters relating to ordinary business. Draft a notice in brief for calling Annual General Meeting of its shareholders.
14.	RTP M 17	Board of Directors of ABC Traders Private Limited proposes to convene an Extraordinary General Meeting for changing the name of the company to ABC

		International Private Limited. Draft the notice for calling the Extraordinary General Meeting of the Members.
15.	RTP N 17	Draft a notice for Arden Limited's Annual General Meeting with four ordinary business.
16.	RTP M 18	Write Short notes on: (a) Guidelines for drafting a Pres Release (b) The Press Communiqué.

Shikha Garg