

6

Letters of Order, their Execution and Cancellation

What will you learn in this chapter ?

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6 1 Introduction

In the field of business, the buyer or customer initiates correspondence by writing an inquiry letter to the seller. In response to that inquiry letter the seller informs the buyer about the price of goods, discount, packing, terms, payment conditions etc. through letter. There after the correspondence is started from the buyer or customer again. The buyer or customer studies the reply to inquiry letters received from various sellers. After comparing the pricelist and catalogue, the buyer or customer decides whom to place an order with and writes a letter.

6 2 Explanation of Letters of Placing an Order

Generally, the word 'Order' means 'Command'. But with reference to commercial letters, it means 'a request to send the goods and raw material'. The language used in this type of letter is courteous.

In legal terms the letter which places an order is a link that connects the buyer with the seller. Hence such a letter becomes a 'contract' in the world of trade.

In present days, while placing a trial order or a repeat order, the buyer or customer presents the particulars of goods in a tabular form. Sometimes a prescribed order form is used by firms. It also includes necessary instructions for customers. Thus, the chances of error are reduced.

If the seller expects the order from the buyer in the prescribed order form, it should be enclosed with the reply to the inquiry letter. On the other hand, the customer or buyer must enclose a covering letter along with the order placed in the prescribed form.

6 3 Important points to be considered for writing Letters of Placing an Order

(1) Reference No. / Letter No. and date of the reply to inquiry letter should be mentioned for reference. It should also be mentioned that the customer is satisfied with the price, terms and conditions of the seller and so, he is placing an order.

(2) The quality and quantity of the goods and material should be mentioned clearly.

(3) The goods and items should be described completely and if there is any special instruction, it should also be mentioned.

(4) Unit price shown in the price list should be mentioned again so that the order would become clearer.

(5) The seller should be instructed for the specific packing according to the size and quality of goods the buyer wants. He should also be instructed for a particular type of packing so that the goods may not be affected climate.

(6) If the seller expects the buyer to send a part of the full amount, then the letter should include the details of the same. (e.g. Cheque, demand draft etc.) If the goods are to be bought on credit, one must mention the time limit within which payment should be made.

(7) If the seller has not informed about mode of transportation, the buyer should suggest the transport facility suitable to him for sending the goods. The buyer should also mention whether the goods are to be insured or not.

(8) When different brands of goods are to be purchased in different packing, the order should be placed in a tabular form.

(9) The buyer should mention the duration in which he wants to receive the goods. It should also be clearly mentioned if the goods are not delivered within the time-period shown in the order letter, they would be rejected.

(10) In the end the customer should state if he will be satisfied with the quality of the goods delivered, bulk and large orders will be placed by him in future.

It is not necessary to include all these above points in every letter of order. One should include only those points which are related to the goods ordered by him.

6 4 Letters of Acknowledgement and Letters of Execution of Order

After receiving a letter of placing an order from a customer, the seller at first, writes an acknowledgement letter to the customer. In this letter the seller expresses thanks for the order and for showing interest in his goods.

Thereafter, the seller dispatches goods according to the instructions given by the customer and informs him about its packing, transportation etc. through letter. This letter is known as the execution of an order letter. Transportation receipt, railway receipt, bill etc. are also enclosed along with the letter.

In this way, the letter of execution of an order means the seller legally accepts all the instructions given by the customer and dispatches goods accordingly.

If the seller does not have sufficient stock of the goods required by the customer, he either asks to extend time limit or to allow him to execute the order in part or suggests substitute goods. As these points are related to execution of an order, letters for the same are also written.

6 5 Points to be considered while writing a letter of Acknowledgement and Execution of an Order

(1) In the beginning, number of the order letter, its date, and the description of the goods to be sent should be mentioned. At the same time, the seller should thank the customer for his order.

(2) The goods sent or to be sent should be described.

(3) The total amount of bill should be stated and the copies of bill, transport receipt or railway receipt or delivery receipt should be sent along with the letter.

(4) If the payment is to be made through bank, the buyer should be informed after depositing the bill in the bank.

(5) It should be clearly stated that all the instructions given by the customer regarding packing etc. are followed.

(6) If the goods are insured, the receipt of insurance should be enclosed with the letter.

(7) It should be mentioned that the seller is eager to serve the buyer and expects large order from him in future.

6 6 Letters of Cancellation of Order

Generally, the customer or buyer does not prefer to cancel the order that is already/once placed. It is because this leads to unhealthy relationship and harms (affects badly) the status/goodwill/prestige of the buyer.

However, at times, unavoidable circumstances compel the customer to cancel the order partially or fully. At the same time, the seller is also compelled to cancel the order under some circumstances. Now, let us examine such situations :

(1) In spite of the clear instruction from the customer to send the goods within stipulated time, the seller may fail to dispatch goods within that time. In such circumstances, the customer writes a reminder letter to the seller. Even after that, a reply letter or goods (no response) are not received from the seller, the customer is compelled to cancel the order.

(2) Sometimes, in spite of having sufficient goods in stock, due to the carelessness of the storekeeper, an order is placed by the customer. In that case, the order is cancelled.

(3) If the demand for particular goods declines due to the end of the season or any natural calamities, the order will be cancelled fully or partly by the customer.

(4) If the goods are not manufactured due to workers going on strike, fire in the factory or any accident, the order is cancelled partly or fully by the seller.

6 7 Points to be kept in mind while drafting Letters of Cancellation of Order

(1) To cancel the order, the customer should first inform the seller as early as possible by telephone or email. Then, the letter of cancellation of order is written. In this letter confirmation of earlier intimation and reason for cancellation of order should be explained in detail.

(2) If the customer has not received the goods in stipulated time limit, he is compelled to cancel the order. So, it should be clearly mentioned that the goods sent now onwards will not be accepted by him.

(3) If the customer has made part payment along with the order, he should inform the seller to make necessary arrangements to return the payment.

(4) In case the order has been cancelled by seller due to insufficient stock, he should inform the buyer exactly when the new stock will be available.

(5) In the beginning of the letter apology should be expressed and at the end assurance for full co-operation in future should be given.

6 8 Sample Letters

(1) An order letter for variety of chocolates :

Maitri General Stores

12, Jahanvi Market,
Indu Chacha Marg,
Bhavnagar-364001

Phone No. (0278) 2327645

14th May, 2016

Tirupati Enterprise,
21, Lokhandwala Complex,
M G Road, New Ranip,
Ahemdabad-382480

Sub. Order for variety of chocolates

Dear Sir,

Thank you for your letter dated 10th May 2016. We find the prices and terms and condition of your chocolate products quite suitable. We place an order of following chocolate products :

Sr. No.	No. of Catalogue	Type of Goods	Specific Requirement	Unit	Price Per Unit
1.	5	Almond Gold	100 gm (regular)	12	₹ 200
2.	8	Dudha Ganga	75 gm	15	₹ 100
3.	9	Milkbar	50 gm	20	₹ 50
4.	12	Milksilk	50 gm	20	₹ 40

Please send the above mentioned goods latest by 25th May, 2016 at our address by Golden Transport. We have enclosed a demand draft for ₹ 4000 as our initial payment. As suggested by you, the remaining amount will be paid by us in cash within 30 days.

Please take care to send the ordered goods in time in good packing.

Thank you.

Yours faithfully,
XYZ
(Proprietor)

Enclosure : one

(2) Umiya Kirana Bhandar, Himmatnagar wants to purchase jaggery, sugar and different types of pulses from Arbuda Traders, Kalupur , Ahemdabad. Draft a suitable letter on behalf of Umiya Kirana Bhandar requesting them to send the goods promptly.

Umiya Kirana Bhandar

21, Zamzam Market

Tower Road

Himmatnagar-383009

Phone No. (02772) 276435

E-mail : umiyakirana@yahoo.com

14th May, 2016

Shree Ambuja Tradres,
14, Kapadiya Market,
Kalupur,
Ahmedabad-380001

Sub. : Purchase of grocery items

Dear Sir,

We purchase regularly grains and grocery in bulk from you. Keeping in mind the forthcoming festivals, we need following grocery items to satisfy the demands of our customers. So, please arrange to send the goods as early as possible.

Sr. No.	Types of Goods	Specific Requirement	Quantity
1.	Jaggery	Organic (in 1 kg packing)	40 Nos (40 kg)
2.	Jaggery	Hirakani ”	50 kg
3.	Sugar	Medium ”	50 kg
4.	Sugar	Small ”	30 kg
5.	Udad	Organic ”	25 kg
6.	Udad Pulse	Small ”	25 kg
7.	Mung	Organic(small) ”	30 kg

Please execute the order according to the prices of goods, discount and terms and conditions sent to us a month ago. We wish to receive goods within 3 days by Golden Transport. We assure you to pay the amount within 30 days of our receiving the goods.

We expect your co-operation.

Yours faithfully,

XYZ

Proprietor

(3) Specimen order form :

Benarjee Electronics

113, Nehru Marg,

Bhuj-370430

Phone No. (0261) 348543

E-mail : anshubenargee@yahoo.com

Dear Customer,

- Please fill the details carefully to place an order.
- Change in order is not possible after dispatching the goods.

(1) Title of the firm : _____

(2) Address : _____

(3) Name of the officer, placing the order : _____

(4) Designation of the officer and department : _____

Details of the goods ordere

Sr. No.	Type of Goods	Speciality of Goods	Quantity	Price Per Unit

(6) Mode of Payment : _____

(7) Means of transportation of goods : _____

(8) Method of packing : _____

(9) Time period of dispatching goods : _____

(10) Signature : _____

(11) Date : _____

Letters of Acknowledgement and Execution of Order

(1) You have received an order for household crockery items from Prince Crockery, Gandhidham.
Draft a letter of execution of that order.

Pestaji & Sons,

46, Chandan Market, Station Road,
Morbi-363641

Phone No. (02836) 236441

25th May, 2016

Prince Crockery,
16, Damodar Complex,
Umashankar Joshi Marg,
Gandhidham-370201

Sub. : Execution of order for household crockery

Dear Sir,

We have received your order dated 10th May 2016 along with the order form.
Thank you for having interest in the crockery sold by us.

We have dispatched the goods today as per your order form through Patel Transport Agency. We hope that you will receive the goods within two days at your address. The goods are dispatched in cardboard packing as you have instructed. The remaining amount of the bill has to be paid within 30 days through State Bank of India, Nana Bazaar Branch, Gandhidham. Copies of bill and transport receipt are enclosed herewith.

As high quality of goods, lowest price and punctuality are our specialities, we expect large orders from you in future.

Thank you.

Yours faithfully,

XYZ

Proprietor

Enclosure : (1) Copy of Bill
(2) Transport Receipt

(2) Satyam Tiles Pvt. Ltd.Co., Ahmedabad has received an order for tiles. Draft a letter of execution of that order.

Satyam Tiles Pvt. Ltd. Co.

403, Hare Krishna Complex,

Pritam Nagar, Ellis bridge,

Ahmedabad-380006

Phone No. (079) 26346588

E-mail : satyamtiles@gmail.com

25th May, 2016

The Manager,
Hotel Royal Plaza,
Opp. Raj Petrol Pump,
Rajmahal Road,
Jamnagar-361001

Sub. : Execution of an order.

Dear Sir,

Thank you for your order dated 15th May 2016 for 1000 boxes of floor vitrified tiles No. 22. We are also thankful to you for selecting our tiles for the renovation of your Hotel.

We have dispatched the goods today as per your order through Vijay Road Lines. We hope that you will receive goods within three days at your address. As per your instruction, the goods are packed in cardboard boxes with necessary instructions. The amount of bill has to be paid within 20 days through Union Bank, Sadar Bazaar branch, Idgah Road, Ahmedabad. Copies of bill and transport receipt are enclosed herewith.

We expect large order, in future, from you.

Yours faithfully,

XYZ

Sales Manager,

Satyam Tiles Pvt. Ltd

Enclosure : 2; Copies of Bill and Transport Receipt.

Letter of Cancellation of Order

(1) You have placed an order for particular goods 30 days back. Even after writing two reminders, you have not received the goods till date. As you have no hopes to receive the goods from them, draft a letter of cancellation of order.

Apna General Stores

33, Hira chambers,

Prem Darwaja,

Nadiyad-387001

Phone No. (0268) 2761230

25th May, 2016

Jalaram Trading Company,

113, Happy Chambers,

Tilak Road,

Vadodra-390022

Dear Sir,

We have placed an order for 'Soham' Brand varieties of raincoats and umbrellas by our letter dated 25th April, 2016. In this letter we have clearly mentioned that we must receive the goods latest by 10th May, 2016 at our address.

We regret to state that you have not sent the goods in stipulated time; i.e. 10th May 2016. Thereafter, we have written two reminder letters to you, on 15th and 20th May 2016 respectively. However, we have neither received any response nor goods from you till date. So, we are compelled to cancel the order.

We shall not accept the goods if they arrive now.

Please note that we cancel our order dated 25th April 2016 officially.

Thank you.

Yours faithfully,

XYZ

Partner

(2) In spite of having sufficient stock of particular goods, you have placed an order for it by mistake. Draft a suitable letter cancelling the order.

Yug Fashion Wear

23, Sanidhya Tower,
College Road,
Valsad-396001

Phone No. (02632) 232764

E-mail : yugfashion@gmail.com

14th June, 2016

Unique Readymade Garments Pvt.Ltd.,
21, Navyug Complex,
Stadium Road,
Bhayandar (West),
Mumbai-401106

Sub. : Cancellation of an order

Dear Sir,

According to our telephonic instructions, we want to cancel our order dated 2nd June, 2016 for 500 Unique Readymade shirts.

We are compelled to cancel the order as our storekeeper made a mistake in taking the stock. After placing the order, we found that the goods ordered are already in sufficient stock with us. Therefore, we do not require the goods at present.

We are sorry for the inconvenience caused to you. However, we assure you that whenever the goods are required, we shall place with you an order for the same with you.

Please inform us about the confirmation of our cancellation.

Thank You.

Yours faithfully,

XYZ

Owner

What have you learnt in this chapter ?

The buyer or customer analyses the reply to inquiry letters received from various sellers. After comparing the pricelists and catalogues, the buyer/customer decides whom to place an order with and writes an order letter. In this chapter, you have studied explanation of order letters, important points for drafting such letters, also letters of Acknowledgement and Execution of order and important points for drafting such letters. In addition to that you have studied cancellation of order letters and main features of cancellation of order letters through model letters.

Exercise

1 Choose the most suitable option from the given options

- (1) With reference to Business letters, letters of placing an order mean-
 - (A) Letters inquiring about goods
 - (B) Letters requesting to send goods
 - (C) Letters giving information about goods
 - (D) Letters executing goods
- (2) What type of contract does order letter become between a buyer and a sender ?
 - (A) Informal agreement
 - (B) Oral agreement
 - (C) Written agreement
 - (D) Memorandum understanding

2 Answer the following questions in one sentence

- (1) What are the letters inquiring for goods known as ?
- (2) What is meant by letters of cancelling order in business correspondence ?
- (3) What should be the first step for customer or buyer to cancel the order ?
- (4) What items should be enclosed along with the letter of execution of order ?
- (5) What type of attitude should be shown by the customer in the end of the order letter ?

3 Answer the following questions in two or three sentences

- (1) What should the seller do when the goods ordered by the customer are not available ?
- (2) What should the seller do when he is not in a position to supply the goods in time ?
- (3) Which points should be considered while a letter of execution of order ?
- (4) Give any three reasons for cancelling order.

4 Draft letters keeping in mind following details

- (1) Radhe Cloth Stores, Surat wants to buy cotton clothes in bulk from Wah-Wah Textile, Ahmedabad. On behalf of Radhe Cloth Stores, draft a suitable letter to place an order.
- (2) Majabut Bricks, Morbi received an order of 1000 trucks of bricks from Bandhakam Traders, Visnagar. Draft a suitable letter of execution of order expressing gratefulness to the customer..
- (3) Winter Collection, Kapadvanj had placed an order to P. V. Sandhu Brothers, Panjab for rain-coats. However, they have not received goods even after a long time. Write on their behalf, a letter of cancellation.

