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Revenue Generation and Financial Management in Public Libraries: An Analysis

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ABSTRACT *The history of library management and its financial component was considerably determined by organizational status. In turn this seems to have shaped library managers need for financial management technique and governed the nature and pace of practice and innovation. This study explores the role of financial management in Public libraries and the sources of finance in public libraries.*

KEYWORDS: Public library, Financial Management, Sources of Funds.

1. Introduction:

Public libraries have great social role and relevance as they make library services accessible and affordable to a large section of the poor. In order to modernise the services of public libraries. The librarians need to acting seek and utilize various kinds of revenue sources and financial management techniques. Present paper attempts to discuss some of the important aspects involved in generation and utilization of public libraries.

2. Concept of a Public Library:

Public library most often called "peoples' University" is easily to the public and is generally funded from public sources (such as tax money) and operated by civil servants. There are five fundamental characteristics shared by public libraries. The first is that they are generally supported by taxes (usually local, though any level of government can and may contribute); they are governed by a board to serve the public interest; they are open to all and every community member can access the collection; they are entirely voluntary in that no one is ever forced to use the services provided; and public libraries provide basic services without charge.

Public Library has been explained differently by different experts depending upon the importance they give to its objectives. However, the most widely accepted definition of a public library was formulated by UNESCO in 1949 which was later revised in 1972 (UNESCO 2004). According to UNESCO manifesto, the definition of a public library is as follows: (Handa,T S, 2011).

- Public Library is financed for the most part out of public funds.
- It charges no fees from users and yet is open for full use by the public.
- It is intended as an auxiliary educational institution providing a means of self education which is endless.
- It houses educative and informative materials giving reliable information freely and without partiality.

3. Review of Literature:

Roberts (1998) surveyed the resource management process and outlined the requirements of contemporary library and information managers. These are planning and programming delegation and devolution to internal business centers, explicit budgets and budgeting, rich information bases for action and decision, modeling and quantification, behavioral awareness, and costs and other decision tools. The requirement for physical and financial resources was treated as implicit then, but is stated explicitly here. From the viewpoint of the three aspects of financial management (sourcing, deployment, and utilization) these requirements can be configured to fit the model of financial management. Physical resources are an implied given although differentiated by characteristics and circumstances. The existing and currently available re-sources are assets which can be represented by monetary values which have depended upon past and present financial sourcing.

Roberts (2001a) Digital collection management has emerged to complement document collection management. The financial impact of digital collections in academic and research libraries is a topic of much recent interest and professional writing.

Robert (2003) the interplay of financial and operational conditions is very familiar to library and information service managers, and especially with reference to document and information collections. It poses characteristic questions of prices, costs, and values familiar to these professional managers in libraries. Acquisition costs and collection operating costs may bear little relation to information content value and/or user valuations of the same physical stock, which when unresolved lead to classic disputes over weeding and relegation.

Kinya, **Henry D.S. (2011),** The enormous amount of information produced per second worldwide front is a greatest challenges to library system more so the public libraries in the history of publication. With advancement of standards through IFLA/UNESCO public libraries are stirring from the conventional and conservative services to expansion of database and information sharing through network accessibility of resources. Public libraries crop up in multiplicity of societies, in different culture, historical background, technological and at different phases of economic development. However, their service delivery has universal characteristics although in a varied contexts in which they operate. They primarily provide resources in a variety of media to meet the both diverse users and needs. Public libraries represent an indispensable link in the scientific system chain, a crucial role link in the development and maintenance of wide range and intensity of knowledge modernization and ideas in society and at individual level.

4. Concept of financial management in libraries:

Finance plays a crucial role in all developmental activities of an organisation. Public libraries being spending organisations do not earn revenue for its services rendered. Therefore, public libraries need constant financial support both from the government and non-government agencies to provide its services smoothly and effectively. A perennial source of finance also strengthens the system to perform in an efficient manner.

5. Defining Features of Library Finance:

In order to create enough sources of funds and to make provision for different library activities, the following points must be kept in mind (Nikam, Kaiser.2012):

5.1 Libraries are Spending Institutions:

Unlike state, central and local government department, libraries are not revenue generating institutions, but are spending institutions because libraries are basically service institutions. They are non-profit organizations engaged in nation building activities. They are ready to offer, information, education and recreations to their readers free of charge ever since their inception.

5.2. Libraries are Growing Organisms:

The father of Library science Dr. S.R.Ranganathn's fifth law of library

science, libraries are growing organisms. It means that all the resources of a library, like books furniture, building and staff keep growing day by day. As a number of books and other resources are published continuously, these resources will be acquired in the library to serve the readers. To organize these resources more and more staff the building and furniture are required. This kind of growth is possible only if adequate grants are provided by the parent institutions such as University Grants Commission (UGC) regularly. In fact the UGC has recommended that every book grant must be accompanied with the grant for staff, building and furniture in order to put them for proper use.

5.3. Libraries Need Recurring Grants:
Libraries besides being growing institutions, once started will remain forever. All most all the financial expenses of a library are recurring in nature, therefore libraries must be provided with perennial funds.

5.4. Standard Library Services:
Libraries are not only rapidly growing organizations but they are also democratic in nature. They have to provide up to date and satisfactory library services to the users through the libraries located in every nook and corner of the country. Therefore perennial source of supply of sufficient funds must be tapped to provide services to the users without any discrimination.

6. Revenue Generation and Financial Management:
The main sources of funds and revenue for the public libraries are as follows:

6.1. Subscription from the member:
Subscription or membership fee is supposed to be one of the sources of revenue to the public libraries. But in the west, this is treated to be very insignificant source. They do not believe in collection of funds through subscription or membership charges, as it may discourage the readers to register themselves as library members. Dr. S.R.Ranganathan also has fully supported free service to all the users. He has declared in the bill of register of library readers that the library services should be free of charge. The government of India's advisory committee for libraries also supports this. This committee describes such libraries as stagnation pools (Nikam, Kaiser.2012).

6.2. Endowment and Private Donations:
The second most popular source of revenue for public libraries is endowments and private donations. Great philanthropists give donations to libraries. One such great person in library development is Carnigie. The Carnigie Trust has done a lot in establishing various libraries and has helped them to stand on their own. As the library expenses are recurring in nature, these endowments are insufficient and they are not regular sources of income. However endowment funds may be used for one time expenditure like erecting buildings, buying furniture and the initial books for the libraries. They can be listed under non-recurring grants used for special projects in the library budget.

6.3. Library Rates:
Library rates are nothing but the charges received on library services. This is a source most often used in western countries. Some of the Indian states are also making use of this source. Eminent personalities in the field like L.R.Mc Colvin and Dr. S.R.Ranganathan are of the opinion those library rates alone cannot sufficient source of library funds. Different libraries will charge different rates for local services. There is no standard rate followed uniformly all over the country. Hence, difficult to estimate the income through this source. But this can be combined with other sources.

6.4. Library Taxes:
Library taxes are different from library rates. The state, central or local government authorities collect taxes. State level taxes generate sufficient funds. It is economical to collect these taxes and there is no surcharge involved. These taxes are either surcharges on existing taxes or a fresh buy namely library cess. The assessment of the tax is made on the basis of the in movable property. These tax or property tax is the main source of library tax. Part of this tax is diverted towards the library revenue. The states inter Tamil Nadu, Andhra Pradesh and Karnataka (KPLA of 1965) have made adequate provision for library cess. Surcharge on land tax, building tax, Octroi, vehicle tax are the basis for library tax in the library areas. In rural areas surcharge is levied on lands and building alone.

6.5. Government Grants to Libraries:
It is the responsibility of the government to provide grants to the development and maintenance of the libraries similar to other departments like education and medical and so on. But in reality it does not happen. Government should provide the funds regularly with necessary provisions for recurring grants and it should be supplemented with library rates and taxes.

Example: The Maharashtra public library act 1957 provides annual grants for the development of public libraries.

6.6. Gifts:
Gift received from the public is one other source of revenue to the libraries. People with a philanthropic and charitable bent of mind and all those who believe in supporting education and learning donate a number of books from their own collection. The idea of such donations is to support better use of books. This source is simply complimentary and supplementary and cannot be considered as a primary source of revenue to the library. Financing policies must not be modified bases on this source. Because, gifts, are not a regular source of income to libraries. They are received only occasionally in the libraries.

6.7. Fees and Fines Collected by the Library:
Whenever the users loose the books or return them after the due date, libraries charge certain sum of money as fine. This again cannot be treated as a perennial source of income. Subscriptions as already mentioned above cannot be considered as a source of revenue. The income from these sources such as fees, fines and subscription is very meager. If the users are insisted to pay it, they may not wish to visit the library at all. If people are asked to pay for reading of books and services, they postpone utilizing these services and the reading of books. Some libraries publish their library catalogues and library guides and they need to be made available to the users on "on profit and no loss basis". "This will enable people to make use of the library resources.

6.8. Funds for other Types of Libraries:
All the sources discussed above are generally seen in the contest of public libraries. But in case of academic and special libraries the sources of revenue differ. In case of university library the students are charged 15 to 20 rupees subscription fees in addition to their admission, tuition and examination fees. The other sources of revenue in university libraries are the recurring grant received from the University Grants Commission (UGC). The credit of this provision of grants from UGC mainly goes to Dr. C.D.Deshmukh and Dr.Satish Chandra and Dr. S.R.Ranganathan. In case of college libraries the sources of finance include the subscription charges collected from the students and the annual recurring grants from the institution. The source for special libraries is the grants received from the respective parent institutions. They also get funds through projects. For some time, the National Information System for Science and Technology (1974 – 2002) use to finance some of the CSIR labs. Some special libraries generate revenue from the library services offered to industries.

7. Conclusion:
As the financial environment becomes more complicated, small libraries are increasingly pressed to meet professional levels of financial work, reporting, and auditing. This can be a strain on their financial capacity, call for skills they lack and which are not readily located in their small communities, and which sometimes seem unnecessarily elaborate for their small budgets. It is increasingly important to approach their financial practices and problems with an eye not only to our responsibility of public accountability but also common sense. The percentage of general revenue which is appropriated to public library service is typically small at all levels of government, tends to vary widely among jurisdictions, and is largest at the level of government which has the most restricted sources of revenue-local government, primarily cities. The rationale for public library support is the value of the services rendered to the public, as interpreted by the elective legislative and appropriating bodies.

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