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   6.11 What is finance.
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CHAPTER VI

FINANCIAL ADMINISTRATION

6.0 INTRODUCTION.

Finance is regarded as fuel to run the administrative machinery. It is to administration what irrigation is to cultivation. The crops will die when there is no proper irrigation, so also, the library will die for lack of adequate finance. Thus, finance is the vital factor for library.

It is related to the source of income. The income should be stable and proportionate. There may be various sources of income either from government grants, donations, library rate, membership fees, gifts, and other sources. When the income is high, the expenditure will also increase. Sometimes it exceeds the income and as a result of which the deficit finance will arise. Deficit finances, if pursued for a longer period of time, is sure to result in bankruptcy. Therefore, to control expenditure there must be a budget, so that expenditure may be controlled.

In Assam, there are various kinds of libraries and one is different from the other in respect of its quality, quantity, staff, resources and various other factors. The income, the expenditure, and administrative control of the library also differ from library to library. The present
deplorable conditions of most of the libraries in Assam are due to inadequate finance and unwise expenditure without any budget system. Good and efficient management and services depend on adequate funds with a systematic budget and wise spending.

6.1 FINANCIAL RESOURCES.

An effective system of financial administration is an essential part of any institution. Financial administration involves the following objectives:

1. There may be a machinery for ensuring that expenditure is properly sanctioned.
2. The outlays are properly made.
3. That the collection of money is made with diligence and honest and
4. That adequate precautions for the protection of property or of financial interest of the institution is taken.

The several links in the chain of financial administration are budget, levying and collections of taxes, expenditure, accounts and auditing of accounts.

Budget is one of the most important instruments of financial administration. It serves to assist in policy making and in financial control. In common parlance budget is a programme containing a forecast of income and expenditure of an organisation. But in the broad sense, it

(1) Marshall- Financial Administration in Local Govt.
P 221-228
is a plan on authorisation, an instrument of control, and
programme of expenditure. Planning or work should proceed
hand in hand with the estimates of income and expenditure,
so that, no operation shall be decided upon without the
clear knowledge of their financial effect.

The budget (1) fixes the rate of the local
tax and the purpose to which the amount collected shall be
utilised.
2. The budget is the hand-maid of policy making, both short-
term and long term.
3. It is a plan of action.
4. It is the medium of ensuring that the monies of the local
authority are ultimately laid in the way it has decided and
5. By providing suitable yard sticks, it helps to ensure
efficient and economical administration.

Budget may be divided into revenue and
capital budget. Revenue expenditure include all the recurring/
expenses met from revenue receipts including the charges for
the redemption of the debts. A capital budget contains esti-
mates of money realised through borrowing and spent in acquir-
ing and disposal of real property. (2)

What is finance? - Finance has been labelled as the art of
providing the means of payment. This phrase was a fairly accu-
rate description of the nature of finance at the turn of
the 20th century when the primary focus was on the process
of obtaining funds in order to assure that obligations cou-
l be paid when they were due. The theory and practice of

(2) Bordoloi, U.N.- Local Finance in Assam Duttan Barua & co.
Guahati, 1972 P. 241-42.
finance, however changed rapidly in the second half of the 20th century expanding to include both the allocation and supervision of funds. The primary emphasis on the allocation of resources among competing claims via and explicit and rational matching of the advantages to be derived from potential uses of the funds on the one hand, against the cost of alternative sources of funds on the other. In the primitive sector of the economy this emphasis was reflected in the growing body of knowledge identified as the theory of capital budgeting and in the public sector in the increasing use of cost benefit analysis procedures to evaluate the operations of governmental units. Finance includes the process of channeling funds, via the capital markets from saver to users. Financial management was applicable to such spending units as business firms, individuals, governments, Universities, churches and labour unions.

Financial decisions of larger corporations have been transferred to professional managers. The same transformation took place, but to a lesser extent, in public finance through the use of staff personnel as opposed to elected officials and it manifest itself even in the financial decision of individuals through the institutionalization of savings. One of the inevitable byproducts of this shift to professional management has been rapid expansion in the analytical tools used in making financial decisions.

Simultaneously, financial instruments and institutions or

(3) Encyclopedia of Britanica Vol-9 P. 272-73
channeling funds from savers to users have become more sophisticated and complex. The discipline of finance has, therefore, become less an art and more a science, although the element of judgement and the problems of uncertainty are far from eliminated. Thus, finance has aptly been the science of money. Finance may be said to be a circulatory system of economic body, making possible the co-operation between the many units of activity. In an organism composed of a myriad of separate enterprises, each working for its own end but simultaneously making a contribution to the system as a whole, some force is necessary to bring about direction and co-ordination, something must direct the flow of economic activity and facilitate its smooth operation. Finance is the agent that produces these results.

Finance is the process of conversion of accumulated funds to productive use. It is so intermingled with other economic forces so much, so that, there is difficulty in appreciating the role it plays. Finance may be defined as that administrative area or set of administrative functions in an organisation which relate with the arrangement of cash and credit, so that, the organisation may have the means to carry out its objectives as satisfactorily as possible. The main activities essential to successful administration of the finance of any organisation comprise financial planning, raising the needed funds, and financial control.
Finance is usually divided in categories according to the type of entity or organisation it serves. This major classification of this nature is two fold: Public finance and private finance. The former is normally concerned with the ways of securing money for the conduct of government and the administration of public funds. This simple and direct explanation of public finance is not intended to minimise the significance of a number of vital issues involved in its theory and practice. Private finance involves an analysis of the various means of securing money for private, usually gainful, enterprises and the administration of this money by individuals, voluntary associations and corporations. Both the divisions of finance are distinct.

Under the present democratic set up the policy of public revenue and expenditure is associated with the welfare of society, and the money is procured and spent in order to achieve this objective. In case of private finance the money is spent, rather invested, with the object of getting the maximum return, irrespective of its effect on public welfare.*

Corporation finance deals with the financial problems of corporate enterprises. These problems include the financial aspects of the promotion of new enterprises and their administration during early development, the accounting problems connected with the distinction between capital and income, the administrative questions created by growth and expansion and finally the financial adjustments requi-
ired for the bolstering up or rehabilitation of a corporation which has come into financial difficulties.

12 **Source of Income:**

The modern libraries in Assam have been started mostly in the 20th century. In 1900, the Lord Curzon Hall (later Nabin Bordoloi Hall and Library), 1901 Cotton College, 1912, Historical studies and Research Centre, 1914, Government law College (Earl Law College), N.C. College, 1930, Nowgong College 1944 and Guwahati University 1948 were established. After the establishment of Guwahati University, during second half of the 20th Century there was tremendous increase in the number of educational institutions both in the urban and rural areas all over the state of Assam. The academic libraries in Assam were established along with the parent institutions. Except few government colleges all the other institutions were managed by voluntary organisations. At the same time village public libraries also were established in different villages under the voluntary organisations. The financial resources of all types of libraries are provided either by government grants, public donations, gifts, membership fees, fines and other miscellaneous resources.

The principle sources of libraries are:

1. Funds allocated from the budget.
2. Endowment income.
4. Fees.
5. Miscellaneous sources such as fines, sales of publications.

(Encyclopedia Social Science Vol IV)
Charges in translating and repographic services.

Dr. R.L. Mittal enumerates the following sources.
1. Subscription. 2. Endowments and private benefactions.

.121 Subscription :-

Some library authorities consider library subscription as a source of revenue. But modern libraries specially those of the west discount this evil. They hold that charging of subscription from the readers harm the cause of the libraries since it discourages the already unwilling readers to register themselves as library members.

Dr. S.R. Ranganathan advocated free library service. But in Assam we have seen that most of the libraries are constructed on subscription or donation either in cash or kind from the general public. The village public libraries which are more than four thousand in number all over the State are still functioning on public subscription. The village youth collected funds for the library from every household according to financial position of each family. The collected materials for library building mainly bamboo and thatch, furniture and other materials. They collected

(6) Mittal, R.L.- Library Administration P. 149
funds from various village functions, festivals and marriages. Very often the youth collected funds by co-operative and by shramdan farming on reserve land or by fishing the village pond and rivers free of labour.

Almost all the educational institutions in their formative stage were established by public donations or subscriptions. The library attached to the educational institutions also started functioning by subscriptions. There are many eminent donors under whose great contribution educational institutions like J.B.College, B.Barooah College, L.C.Bharali College, D#H#S.K.College, Monohori Devi Girls College, B.N.College, Suren Das College, M.N.C.College, M.C. College, Gopal Boro High School, L.O.G. Hindi High School, T.C.Girls High School, Kali Ram Baruah High School, Sona Ram High School, Kamakhya Ram Baruah Girls College, N.N.Saikia College, were established and along with the institution a library came into being. At the initial or formative stage all such libraries except the government libraries were started functioning with the help of subscriptions from the general public. Even the Gauhati University started functioning with donation of rupees five lakhs.

122 Government Grants.

The organisation of State Central Library including District and Sub-divisional libraries under the Improvement of Library Service Scheme sponsored by the Cen-
tral government were taken up during the first five year plan. The government of Assam with central government assistance constructed library building at Shillong, Guwahati, Jorhat, Nowgong, Tezpur and Silchar at a total cost of Rupees forty lakhs seventy thousand (40,70,000/-). The Assam government public library was amalgamated with the State Central Library in 1965. In view of the extreme popularity of the library services in every branch of education and also in view of the role played by the Library Service as an agency for continued Education, it was proposed to take up further development of the library service during the forth plan period, if funds were made available for the purpose.

Table-6.1
Development of Library Service in Assam (Forth Five Year Plan)

<table>
<thead>
<tr>
<th>Target proposed</th>
<th>Break up in Lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure proposed</td>
<td></td>
</tr>
</tbody>
</table>

Rs.25.56
1. Construction of Library building at Dibrugarh, Dhubri and in one of the hill districts.

Rs 6.00
2. Opening of 12 Sub-divisional Libraries.

Rs 3.60
3. Opening of Short term training Course in Librarianship for College and village Librarians.

Rs 0.40
4. Training of sub-divisional librarians at the recognised Universities in India.

Rs 0.10
5. Library vans or Station Wagons for book Mobile Service

Rs 1.00

Rs. 12.00

7. Free distribution of books by Central Library to village libraries.

Rs. 2.00

8. Inspection and administration

Rs. 0.16

The expenditure so far incurred under the Scheme:

1. The expenditure during the First Five Year period Rs. 35.56
2. Total expenditure during the 2nd plan period.
4. Expenditure proposed during the Fourth plan period for further development of the library service.

Lastly the State Central Library, Shillong has taken up a Scheme to publish an Assamese Section of the Indian National Bibliography in co-operation with the Central Reference Library c/o National Library Calcutta. So far an Assamese section of the Indian National Bibliography relating to the year 1959-61 were published. Besides, the State Central Library has published a catalogue of Books and Articles relating to the Tribes of Assam and North-East Frontier.

The special collection of books, articles, monograph relating to the tribes of Assam and North-East Frontier is greatly used by Research Scholars. (7)

(7) A.C.L.A. Souvenir, 1964 P. 39-40
The government public libraries such as District, Sub-divisional libraries are maintained by annual government grants and subsidies from the central government for development of libraries such as construction and extension of buildings, equipments and purchase of books etc. The maintenance of staff and contingent expenditure are born by the State government. The village public libraries receive nominal grants either in cash or kind from the government Social Education departments. The Department of Social Education, Assam has sanctioned a book grant worth or Rs. 200.00 (Rupees two hundred) only to each library which has fulfilled the required norms during the year 1986-87. This grant also provided not in the form of cash but by supplying books covering that amount. The District and Sub-divisional libraries are provided separate budget provision for different heads. All the deficit grants-in-aid system of Colleges are getting book grants during the year 1986-87 worth of Rs. 226.00 and Rs. 300.00 to the ad-hoc colleges, covering fourteen and twenty volumes of books. Besides, book grant worth or Rs. 10,000/- were given to the following colleges by the state government during the year 1986-87 which are not included under deficit grants-in-aid system.

Table-6.2
Book grant to different grants-in-aid system of colleges during the year 1986-87

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Name of Colleges</th>
<th>Amount sanctioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Chilarai College, Golokganja</td>
<td>10,000/-</td>
</tr>
<tr>
<td>2.</td>
<td>Dhamdham College, Dhamdham</td>
<td>10,000/-</td>
</tr>
</tbody>
</table>
3. Rangapara College, Rangapara 10,000/-
4. Tingkhong College. 10,000/-
5. Nalbari Commerce College. 10,000/-
6. Ha Jo College. 10,000/-
7. Dhakunkhana College. 10,000/-
8. Rupahi College 10,000/-
9. West Goalpara College. 10,000/-
10. Barpeta Girls College. 10,000/-
11. L.T.K. College, Aizal 10,000/-
12. Kanya Mahavidyalaya, Tezpur. 10,000/-
13. Mangoldoi Commerce College. 10,000/-
14. Udalguri College. 10,000/-
15. Janata College. 10,000/-
16. Pathimari College. 10,000/-
17. Dispur College 10,000/-
18. Lakhimpur College 10,000/-
19. Margharita College. 10,000/-
20. Pachim Gauhati College. 10,000/-

Total Rs. 2,00,000/-

The libraries in Assam e.i. academic, public or government sponsored depends mostly upon the government grants. But the grants provided in the budget seem to be very insufficient to meet the increasing cost of Library Administration. The special, industrial or municipal libraries are provided with grants by the parent body, government and
other organisations. But the amount provided for the maintenance of libraries is very nominal and as a result the development of these libraries was hampered to a great extent. Besides, the State government, the University Grants Commission has sanctioned a reasonable amount as matching grants to each college e.g. 50:50, 25:75 and 100 percent. Under this scheme of Improvement of libraries grants were given for the construction of library building purchase of books and journals for humanities and social sciences, equipments, furnitures and fixtures, book bank schemes for poor and deserving students and maintenance of staff etc. About 40 percent of the colleges in Assam have availed this scheme. We have shown in Chapter V table 5 the grants received for the construction of building from the University Grants Commission and matching share from the State government. Almost all the higher educational institutions including the Universities received grants both recurring and nonrecurring from the University Grants Commission and Central government, directly. Without these grants it is impossible to maintain a library from its own resources. The resources available other than government grants just cover not more than 2 percent of the recurring expenditure of the library concerned.

123 Fees and fines.

Libraries generally resort to the realization of certain fines and fees when the members lose books and or do not conform to the library rules and do not re-
turn the borrowed books within the time. The income from this sources is very meagre. Such imposition would ham­per better use of books. Very few readers would pay fees. If the people are asked to pay fees most of them would not resort to the library. The income from the fines and over­dues would also be very meagre and it cannot be considered as a proper source of income. There is also provisions for the collecting library fees from students, but the rates of fees is not even in all the colleges and schools. In schools it varies from Rs. 2.00 to Rs. 10.00 and in colleges from Rs. 10.00 to Rs. 25.00 per year. Besides, library fees there is also provision for caution deposit which is refund­able after the end of an academic session. Some Colleges deduct a part of the caution deposit to meet the general were and tears of the library reading materials. There is provision for over due charges from the readers. Books are issued for a limited period. If, they are not returned in time, a fine of .5 to.20 paisa is levied for every day beyond the date of return. A very little amount is collected either from the library fees, fines and other miscel­laneous collections. In the Universities there are also a provisions for library fees, caution deposit and overdue fines. In Guwahati University there is a provision for collecting library fees from every student @ of Rs.16.00 per year and Rs. 25.00 per students as caution deposit for post Graduate students and Rs. 150.00 from the Research students. In government District and Sub-divisional libraries similar provisions is made. A membership fees from each and every member @ of Rs.5.00 is collected and Reader's card is issued,

(©) Ibid P.151
only to the members. If somebody makes delay in returning of a book he will have to pay a overdue fine at the rate of 10 paisa or 20 paisa per day for each book. In the higher secondary or High schools a nominal fees at the rate of Rs. 2.00 to Rs. 10.00 is collected from students annually. Financial resources in the form of government grants and other subsidies are not provided to the school libraries. For want of adequate financial resources the condition of school libraries in the state as a whole is going from bad to worst day by day. Though the income from the fees seems to be negligible, yet it will cover a part of library expenditure. Institutional or other libraries which do not receive any kind of government grants will have no alternative for its very existence except funds collected from fees and fines. Practical experience shows that 50 to 60 percent of books are returned within due date to avoid the payment on overdue fine.

124. Gifts.

Libraries sometimes receive gifts both in cash or kind from various sources. Generally people with charitable bent of mind and those who love learning and believe in imparting learning to their fellow being donate a good number of books from their own collection. The idea behind such donation seems to be to put the books to better use. (9) The personnel library of an eminent scholar K.K. Handique ex-Vice-chancellor, Gauhati University, which is unique of its kind has been donated to the University of Gauhati. The manuscript section of the Gauhati University Library acquired

(9) Ibid P. 151.
many ancient manuscripts as gifts from different persons, bodies with best effort of late Dandinath Dutta, manuscript collector, Guwahati University at that time. An institution Pubrabharati by name, with a view to making itself a cultural University in the Northern part of the Brahmaputra valley is growing at the District headquarter, Nalbari. There is a manuscript section and a library where 488 manuscripts have already been collected by its founder Secretary Professor Sashi Sarma. These manuscripts were written in two languages- Sanskrit and Assamese. Almost all the manuscripts were collected as gifts from various localities either from persons, institutions like Satras, Namgharaas as danas with an active initiative of Professor Sarma of Nalbari College. In the Tihu College Library, a manuscript section containing thirty volumes of old manuscripts written on Sanshipata in Sanskrit and old Assamese has been donated by Shri Bhuban Mohan Sarma, of Khana Majasatra, a Satra Institution founded by Deva Damodar during late Veisnavo period period. Similarly 220 volumes of books were donated by S.P. Medhi as a new section Dwijendra Memorial Trust in memory of his late brother. The building of the Director of Historical and Antiquirian studies of Assam has been donated after the name of Narayani Handique. Thus most of the libraries in Assam whether they are public or private have been enriched by way of gift, either in cash or kind, thus contributing towards the capital assets of the library.
Library Taxes.

Library taxes/rates are collected in those states where library legislations were implemented. In the city area house tax, property tax are collected as library cess/tax on land and buildings. But in Assam, as the library legislation is not being implemented the question of collecting library rates or taxes do not arise. The sources of library finance in respect of special libraries and the grants received from the institutions concerned. The libraries of respective organisations or institutions are run as a part and parcel of the parent body. But field study shows that the financial resources of this type of libraries are not enough to cope with the present demand of the respective community.

Miscellaneous receipts.

In modern libraries, to facilitate the research students and for duplicating the urgent works and to have multiple copies, some libraries introduced facilities for xerography. A nominal fee is being charged for xerographing the copies. The state Central Library has xerographing machine and the readers get facilities for getting copies of their required materials, from original ones. A nominal charge at the rate of 50 paisa per copy is being charged for this purpose. In the K.K.Handique Library, Guwahati Univer-
University, there is a provision of xeroxing copies of required materials at the rate of 50 paisa per copy. This is not doubt a source of income at covering to 2 percent of the total expenditure of recurring cost. However, the income from this source is so negligible that it cannot be regarded as a source of revenue.

6.2 METHOD OF ESTIMATION

A budget is defined as an estimate of the revenue and expenditure for the future. Estimates of possible amount of income and expenditure are made so that income and expenditure are balanced. This is called financial statement of the estimated revenue and expenditure of an institution for a definite period of time.

The Kothary Commission and Carl White have stated that there is no formula for estimating under precise heads, much money a University should invest in its libraries, but Carl White has listed the following three methods of financial estimation:

1. Ratio of library expenditure to total educational expenditure.
2. Ratio of library expenditure to University Registration and
3. Library performance requirements. (10)

All these methods are similar to Dr. Ranganathan's methods of basing the financial estimation for public libraries.

10. Ibid P. 150
lic libraries.

Ranganathans methods are:

1. Method of proportion.
2. Per Capita method and

Dr. N.L. Mittal has accepted these three methods.

6.21 Per Capita method:

In this method a minimum amount per head of population is fixed which is considered essential for providing standard library service. This minimum is fixed taking into account the figures arrived at by means of cost accounting. The educational and cultural development of a country and its future needs are taken into account. The country which is highly organised and is educationally well advanced requires books and other reading materials of a higher order. Naturally the expenditure per capita increases in this case. On the other hand a backward country at least in the initial stage of its development may do well with lesser number of advanced books. The salary levels of the library staff in relation to other services and the average cost of publications are taken into account for determining the per capita limit.

The per capita estimate may be based either on the number of literate persons or adults. Some neo-
people maintain that only literates should be taxed since only that they use the library facilities. The safest method is to adopt the per capita method. The matching share should be of local, State, and Central government. It may be in the ratio of 50 : 37 : 13 taking into account their financial capacity, constitutional obligation on library services. In India the per capita expenditure on public libraries is less than 5/6 paisa at the end of March, 1964 and it rose to three paisa in 1963-64. Dr. Ranganathan suggested 50 paisa per capita expenditure. As regards the University and College Libraries in India expenditure per student was Rs.11.00 in 1960-51, it rose to Rs.19.00 in 1963-62. It was expected to increase to Rs. 24.00 by 1965-66. The University Grants Commission Library Committee (1957) recommended that a University should provide Rs.15.00 per student and Rs. 200.00 per teacher for acquiring reading materials for its library. The Kothary Education Commission (1964-66), however recommended that as a norm, a University should spend each year about Rs.25.00 for each student and Rs. 300.00 per teacher. Dr. Ranganathan suggested that per capita expenditure of University and College libraries should be Rs. 20.00 per student and Rs. 300.00 per teacher or Rs. 50.00 per student.

Dr. Ranganathan makes a distinction between the methods to be adopted for public libraries and academic libraries. According to him the two basic functions of
University teaching and research should be the criteria on which the requirements of University libraries be assessed and funds be provided. For teaching courses leading to conventional examination, that standard can be stated in terms of the student population on per capita basis. This can be done for annual intake of volumes for the staff required, for the annual recurring expenditure and for library housing. But this is equally applicable in respect of the research functions of the University. Here the standard should be based on the number of subject fields being cultivated by the research staff and research students of the University, the number of the advanced books, treatises and learned periodicals available and needed in each subject field. The circulation on the basis of this criteria will make provision for purchase of books in a University library in relation to the needs of the research scholars and the faculty members who are involved in research. To this should be added the appropriate expenditure for staff and recurring heads. This can be done by following the proportion e.i. 5 : 4 : 1 depending on the development stage of the University library. (11)

Dr. Ranganathan has suggested the following norms. :- That in a University library 200 advanced books, treatises and reference books and 100 learned periodicals be considered as the minimum requirement for a research subject field.

And the basis at the rate of Rs. 70.00 as the average price of a book and Rs. 60.00 as the average annual subscription of a periodical, a sum of Rs. 20,000.00 be approved for one year in one subject field for the purchase of books and periodicals. To this be added the provision for staff and other things at the rate of 40:50:10 or 50:40:10 thereby bringing the total annual recurring cost of one subject to Rs. 50,000.00 or Rs. 40,000.00 per annum depending on the stage of development of the University library. Similarly in order to meet the teaching needs of the University he suggests that an amount in take is reasonable for 900 undergraduates and 1000 postgraduates. This would involve an expenditure of Rs. 50,000.00 per annum. To this be added the expenditure for staff and other items. This brings the total to Rs. 1,25,000 or Rs. 1,00,000.00 per year as a basis minimum.

6.22 Proportional Method.

This method presupposes the acceptance of the responsibility for providing library finance by authorities at various levels e.g. local, State, and Centre. It means that every type of authority has not a fixed responsibility to contribute its own share towards the library and this share should be determined in relation to its capacity to contribute. The ratio is fixed on the basis of the budget of the various kinds of authorities. It has been suggested that either 1 percent of total budget or 6
percent of the education budget should be earmarked for library purpose. (2)

6.23 Method of details.

Another method, which is reliable, reasonable and plausible, is known as the method of details which means that all the items of revenue and expenditure must be accounted for in detail. For this we take into consideration the salaries, books, periodicals, binding, rents, heating, lighting, telephone and other miscellaneous charges. Nowadays it is considered that a library budget must provide as much amount for books and other contingencies as for salaries. It is thus essential to find out the amount which is required for providing adequate salaries for the staff of the library. The optimum number of staff members is to be determined by the staff formula given elsewhere. The item are to be totalled and an equal amount is to be provided for other items such as books, periodicals, binding, repairs and other miscellaneous items. (3)

6.3 Allocation of Fund.

Development of library depends upon its actual fund position. We have discussed earlier that

(2) (3). Ibid. pp 102-103.
there are various sources of income of different categories of libraries, but most of the libraries are dependent on grants either from the State or Central government. Allocation of fund to the libraries is an important task. In every library there should be a library committee and a budget committee. The committee should look after the sources of income and probable expenditure both recurring and non-recurring and also to see the emergent expenditure on priority basis.

The survey called A.L.A. costs of Public Library Services in 1959 provides the following figures for library of towns with fifty thousand population.

1. Salaries and wages - 68.8 percent.
2. Books and other materials - 18.0 percent.

The Public Library Service in 1959 suggested that at least one fifth of the total budget should be allotted for books and periodicals etc. (As regards allocation salaries Dr. Ranganathan has suggested that at least 50 percent should be spent on salaries, so that qualified and adequate staff may be recruited in order to transform the money spent for books into book service, otherwise

(Ibid) P. 108.
Though American libraries would like to spend between 65 percent to 70 percent on staff but on a moderate basis, we can fix the following standard for libraries.

1. Salaries and wages - 5 percent.
3. Binding - 5 percent.
5. Stationery, Library supplies and other Miscellaneous charges - 15 percent.
6. Rents and loans etc. - 8 percent.

Table 6.3 showing the budget of K.K. Handique Library Gauhati University, 1987-88

<table>
<thead>
<tr>
<th>Head of Accounts</th>
<th>Actual for 1985-86</th>
<th>Estimate for 1986-87</th>
<th>Revised Estimate for 1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Salaries</td>
<td>872.8</td>
<td>830.0</td>
<td>944.0</td>
</tr>
<tr>
<td>2. Subscription to Newspapers &amp; Journals</td>
<td>5.3</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>3. Book Binding/Card Index Expense</td>
<td>34.4</td>
<td>35.0</td>
<td>35.0</td>
</tr>
<tr>
<td>4. Cataloguing Card Index Expense</td>
<td>-</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>5. Printing</td>
<td>5.1</td>
<td>5.0</td>
<td>5.0</td>
</tr>
</tbody>
</table>
Table-6.4

Shows the plan budget of U.G.C. and the State Govt. for development grants of K.K.Handique Library, Gauhati University.

Revised Estimate for 1986-87

<table>
<thead>
<tr>
<th>Detail Receipts</th>
<th>Detail Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td></td>
</tr>
<tr>
<td>approved</td>
<td>received</td>
</tr>
<tr>
<td>1986-87</td>
<td>1986</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

U.G.C. Grants.

Books. 1300.0 - - 800.0 500.0 196.9 195.9 604.1 500.0

State Govt. Grants.(Dev)

Books and Journals 725.0 - 10000.0 1500.0 - - 60.00 60.0
<table>
<thead>
<tr>
<th>Name of Scheme</th>
<th>1984-85</th>
<th>1985-86</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Books and Journals</td>
<td>7.50</td>
<td>12.75</td>
</tr>
<tr>
<td>2. Central Library</td>
<td>4.50</td>
<td>1.80</td>
</tr>
<tr>
<td>3. Books for Environmental Research</td>
<td>1000.00</td>
<td>500.00</td>
</tr>
<tr>
<td>4. Science Deptt.</td>
<td>2586.00</td>
<td>358.30</td>
</tr>
<tr>
<td>5. Humanities Deptt.</td>
<td>2285.30</td>
<td>638.60</td>
</tr>
<tr>
<td>6. Books and Journals</td>
<td>5.00</td>
<td>108.26</td>
</tr>
</tbody>
</table>

Table 6.6
Expenditure on Library Science and University Library, Guwahati University 1983-84 to 1985-86

<table>
<thead>
<tr>
<th>Item</th>
<th>1983-84</th>
<th>1984-85</th>
<th>1985-86</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Salary, Teaching</td>
<td>74463</td>
<td>83516</td>
<td>133.3</td>
</tr>
<tr>
<td>2. Non Teaching</td>
<td>71851</td>
<td>6.8</td>
<td>7.3</td>
</tr>
<tr>
<td>3. Academic Expenditure</td>
<td>9.2</td>
<td>8.5</td>
<td>7.9</td>
</tr>
<tr>
<td>4. Other Charges</td>
<td>7.5</td>
<td>11.2</td>
<td>7.9</td>
</tr>
<tr>
<td>5. Salary, Teaching</td>
<td>74463</td>
<td>9.2</td>
<td>8.5</td>
</tr>
<tr>
<td>6. Non Teaching</td>
<td>71851</td>
<td>7.5</td>
<td>11.2</td>
</tr>
<tr>
<td>7. Academic Expenditure</td>
<td>9.2</td>
<td>8.5</td>
<td>7.9</td>
</tr>
<tr>
<td>8. Other Charges</td>
<td>7.5</td>
<td>11.2</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Total 84530
### 1983-84 to 1985-86

**Source:** Financial Estimate, G.U.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>1983-84</th>
<th>1984-85</th>
<th>1985-86</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Salary, Stenr</td>
<td>540045</td>
<td>542000</td>
<td>568000</td>
<td>558000</td>
</tr>
<tr>
<td>2. Subscription of Newspapers &amp; Journals</td>
<td>42500</td>
<td>47000</td>
<td>52500</td>
<td>450000</td>
</tr>
<tr>
<td>3. Book Binding</td>
<td>52500</td>
<td>57000</td>
<td>62500</td>
<td>550000</td>
</tr>
<tr>
<td>4. Cataloguing &amp; Indexing</td>
<td>50000</td>
<td>55000</td>
<td>60000</td>
<td>510000</td>
</tr>
<tr>
<td>5. Printing</td>
<td>50000</td>
<td>55000</td>
<td>60000</td>
<td>510000</td>
</tr>
<tr>
<td>6. Stationery</td>
<td>50000</td>
<td>55000</td>
<td>60000</td>
<td>510000</td>
</tr>
<tr>
<td>7. Telephone</td>
<td>25000</td>
<td>30000</td>
<td>35000</td>
<td>300000</td>
</tr>
<tr>
<td>8. Other Charges</td>
<td>28000</td>
<td>35000</td>
<td>42000</td>
<td>320000</td>
</tr>
<tr>
<td>9. K.R. Handicapped Wing</td>
<td>25000</td>
<td>32000</td>
<td>39000</td>
<td>300000</td>
</tr>
<tr>
<td>10. Telephone</td>
<td>25000</td>
<td>32000</td>
<td>39000</td>
<td>300000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>584250</td>
<td>602750</td>
<td>622250</td>
<td>585000</td>
</tr>
</tbody>
</table>

**Salary, Staff**

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1983</th>
<th>1984</th>
<th>1985</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>5400</td>
<td>5420</td>
<td>5680</td>
<td>5580</td>
</tr>
<tr>
<td>Stenr</td>
<td>3500</td>
<td>3500</td>
<td>3500</td>
<td>3500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5750</td>
<td>5770</td>
<td>5930</td>
<td>5830</td>
</tr>
</tbody>
</table>

**Other Charges**

<table>
<thead>
<tr>
<th>Year</th>
<th>1982</th>
<th>1983</th>
<th>1984</th>
<th>1985</th>
</tr>
</thead>
</table>
### Statement of Expenditure and Estimate Thereof of Different Heads of K.K.Hanadi Library, Gauhati University, 1983-84 to 1985-86

<table>
<thead>
<tr>
<th>Head of Account</th>
<th>1983-84</th>
<th>1984-85</th>
<th>1985-86</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humanities and Social Science</td>
<td>1.00</td>
<td>1.50</td>
<td>1.00</td>
<td>3.50</td>
</tr>
<tr>
<td>Science</td>
<td>1.00</td>
<td>0.50</td>
<td>0.50</td>
<td>2.00</td>
</tr>
<tr>
<td>Law</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Law College</td>
<td>1.00</td>
<td>0.50</td>
<td>0.50</td>
<td>2.00</td>
</tr>
<tr>
<td>High School Section</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Maintenance Section</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

*Note: The table above represents the statement of expenditure and estimate thereof of different heads of K.K.Hanadi Library, Gauhati University, 1983-84 to 1985-86.*
### Table 6.8

Showing the expenditure of University Central Library, Assam Agricultural University, Jorhat from 1981-82 to 1985-86.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Books</td>
<td>464574</td>
<td>586513</td>
<td>901847</td>
<td>900000</td>
<td>1050000</td>
<td></td>
</tr>
<tr>
<td>2. Periodicals</td>
<td>230013</td>
<td>375650</td>
<td>406134</td>
<td>459000</td>
<td>500000</td>
<td></td>
</tr>
<tr>
<td>3. Maintenance of Equipments</td>
<td>12725</td>
<td>35560</td>
<td>8575</td>
<td>14250</td>
<td>40500</td>
<td></td>
</tr>
<tr>
<td>4. Binding</td>
<td>2000</td>
<td>2992</td>
<td>6590</td>
<td>11470</td>
<td>10000</td>
<td></td>
</tr>
<tr>
<td>5. Documentation Service</td>
<td>3212</td>
<td>1212</td>
<td>3204</td>
<td>4000</td>
<td>4000</td>
<td></td>
</tr>
<tr>
<td>6. Staff Salaries</td>
<td>244850</td>
<td>294040</td>
<td>366540</td>
<td>548500</td>
<td>793800</td>
<td></td>
</tr>
<tr>
<td>7. Any other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Stationery, Printing, Postage etc. 39774 35924 36899 55000 54000

### Table 6.9

Showing the budget provision of different heads of account of the North Eastern Council, Shillong. 1986-87.

1. Books - 4,00,000
2. Journals - 2,00,000
3. Furniture and Equipments - 1,50,000
4. Staff payment - 2,00,000
5. Others - 3,50,000
Table - 6.10

Budget Provision of Dibrugarh Politechniques. 1986-87

1. Books - 20,000/-
2. Journals - 3,600/-
3. Furniture - 40,000/-
4. Equipements - 1,00,000/-
5. Staff - 2,00,000/-
6. Others - 1,00,000/-


1. Books - 1,500/-
2. Journals - 1,000/-
3. Number of Teachers - 22
4. Number of Students - 55

The Annual Budget Provision of the State Assembly Library 1986-87

1. Excluding payment of salaries - 1,00,000/-

Budget provision of Director of Historical and Antiquarian studies of Assam 1986-87.

1. Books - 50,000/-
2. Journals - 25,000/-
3. Furniture - 50,000/-
4. Equipements - 50,000/-
Budget provision of an oldest College (J.B.) College, Jorhat.

1986-87

1. Books - 60 percent.
2. Journals - 20 percent.
3. Binding - 10 percent.
4. Furniture - 10 percent.

Budget provision of Jihu College Library, 1986-87

<table>
<thead>
<tr>
<th>Total Receipts</th>
<th>Total Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Opening Balance Rs. 37,688.00</td>
<td><strong>A. Books for Humanities Dept.</strong></td>
</tr>
<tr>
<td>2. Library fees</td>
<td>Rs. 31,500/-</td>
</tr>
<tr>
<td>Collected from the Students (1986-87)</td>
<td>1. English Rs. 4,500/-</td>
</tr>
<tr>
<td></td>
<td>2. Economics Rs. 3,500/-</td>
</tr>
<tr>
<td></td>
<td>3. Education Rs. 3,500/-</td>
</tr>
<tr>
<td></td>
<td>4. Assamese Rs. 7,000/-</td>
</tr>
<tr>
<td></td>
<td>5. Pol. Science Rs. 3,500/-</td>
</tr>
<tr>
<td></td>
<td>6. Philosophy Rs. 2,500/-</td>
</tr>
<tr>
<td></td>
<td>7. History Rs. 2,500/-</td>
</tr>
<tr>
<td></td>
<td>8. Geography Rs. 3,500/-</td>
</tr>
<tr>
<td></td>
<td>9. Mathematics Rs. 1,000/-</td>
</tr>
<tr>
<td>3. Library Caution deposit Rs. 10,938.00</td>
<td><strong>B. Books for Science Deptt.</strong></td>
</tr>
<tr>
<td></td>
<td>1. Physics Rs. 2,000/-</td>
</tr>
<tr>
<td></td>
<td>2. Chemistry Rs. 2,000/-</td>
</tr>
<tr>
<td></td>
<td>3. Zoology Rs. 1,750/-</td>
</tr>
<tr>
<td></td>
<td>4. Botany Rs. 1,750/-</td>
</tr>
<tr>
<td>Total Receipt Rs. 89,196.00</td>
<td><strong>C Books for Misc. Department.</strong></td>
</tr>
</tbody>
</table>
1. Newspaper  Rs. 1,000/-
2. Journals   Rs. 1,000/-
3. Printing    Rs. 1,400/-
4. Binding     Rs. 3,000/-
5. Refund of caution deposit  Rs. 4,500/-
6. Stationery  Rs. 1,000/-
7. Contingency Rs. 500/-
8. Entertainment Rs. 240/-
9. Postage     Rs. 50/-
10. Payment of bills Rs. 5,006/-

Total = Rs. 59,196/-

6.4 ACCOUNTS AND AUDITING.

Accounts plays a vital role in budget control. The purpose of accounting system is to keep all records of financial transaction. Accounting also involves supply of financial information to the Executive. On the basis of the information supplied it is able to keep the spending authorities within the limits prescribed by the budget. (18) Accounts of local bodies are maintained in the receipts and payment basis. Under this system only money actually received and paid
during any particular year is accounted for. The system is simple and conventional in the sense that accounts can be closed quickly at the close of the period. But the system suffers from the defect that since it does not take into account all the transactions, done during the accounting period, it is incomplete under this system, it is difficult to prepare a revenue account of a profit or loss account and a balance sheet from accounts kept on this basis. Moreover, this system of accounts lends itself to manipulation. Payment may be deliberately deferred by holding back contractors' bills, a device so very frequently adopted by the municipal Boards, either to maintain the required closing balance or to show that the financial position of the Board is not unsatisfactory.

The main purpose of maintaining financial accounts is to ensure adequate information so as to determine the efficiency of the administrative machinery. The other purpose are:

1. As an aid in preparation of the annual budget.
2. For control of budget operations.
3. For studying internal efficiency.
4. For conserving the assets.
5. For planning future activities.
6. For reporting to the local government and the public.
7. For comparison with other libraries. (19)

In case of academic libraries such as Universities, Colleges and Schools generally the account are maintained by the Accountant, Accounts Assistant and other accounts staff under the direct supervision and control of Finance and Accounts Officer, Treasurer, Principal, Headmaster or Secretary of the respective organisations or a person delegated with financial powers by the Statute or an Act. The Librarian in the three Universities in Assam are not directly responsible for maintaining accounts and the audit as they have got no financial powers. The financial powers are vested in the Finance and Accounts officer and Treasurer. The Treasurer, Finance and Accounts Officer, Audit Officer, Auditor, Internal Auditor, Accountant are held directly responsible in maintaining accounts and audit. In respect of colleges, the accounts are maintained by the Accountant under the direct control and supervision of the Principal/Secretary of a College on double entry system. The Librarian is only the forwarding agent, who is to forward the bills after due record to the principal for payment. The Librarian has got no financial power as per Assam Aided College Management Rules, 1965. Only the Secretary of College Governing Body has got this financial power. Most of the College have not formed either the Library Committee or the Budget Committee. It has been observed that some Colleges have diverted the library fund for other purposes. And as a result of which the aims and objectives and the very purpose of the library has been defeated and
development works of the library suffered to a great extent.

In the case of special library the respective hands of the Department are maintaining accounts of the library under his direct supervision and control. The librarians of such libraries are not endowed with any financial powers.

In the case of District and Sub-divisional libraries in Assam the Accounts are maintained by the Directorate of Library Services, Assam. Books, journals, furniture, equipments, stationery are purchased centrally by the Directorate and supplied to the respective libraries as per requirement. Except the Directorate of Library Services, even the District or sub-divisional libraries are not authorised to deal with any financial transaction.

Audit is a very significant factor in financial administration. It is an effective instrument for maintaining minimum honesty in the expenditure of public money by the local authorities. Public money has apparently an uncan-nny ability to stick to the figures of everybody who handles it and it is an audit which ensure that public money goes to the persons who is legally and rightfully entitled to receive it. Audit also helps to maintain public confidence in administration. If it is conducted judicially and in the manner prescribed, audit is the sure method of maintaining efficiency of public authorities.
The object of audit is to ensure:

1. That all income due to the library to the authority is accounted for.
2. That all money received is properly and promptly accounted for.
3. That money entrusted by the authority to any of its officers is actually in the hands of those officers.
4. That proper records are kept of all disbursements made on behalf of the authority and
5. That all stores are properly received, stored and issued.

The auditor while auditing the accounts has to see:

1. That the accounts have been kept and presented in the proper form.
2. That payment of item of receipt and expenditure are stated in sufficient details.
3. That the payments are supported by adequate vouchers and authority.
4. That all sums received or nought to have been received are brought in to account.
5. That all expenditure are lawfully made.
6. That grants given by the government for specific purposes have been spent within the specific period of and on the object for which they were sanctioned and that the unspent balance have been surrendered in time. (20)

20, 21, 22. Ibid Pp 271-72.
The accounts of all semi government grants-in-aid system of organisations/institutions etc. are audited by the auditor and other audit staff under the direct supervision and control of the Examiner, Local Accounts. After auditing the accounts for a particular period of time the audit reports are submitted to the respective government department. If any objection or clarification are there this should be met within a stipulated time. If the examiner is not at all satisfied with the replies or the action taken by the respective authority, the examiner, Local Accounts has to report the case of such defaults.\(^{21}\) Section 9 of the Assam Local Funds (Accounts and Audit) Act, 1930 authorised the Examiner to surcharge or charge illegal payment or loss incurred by negligence.\(^{22}\)

Besides, there is a provision in every semi-government or grants-in-aid system of organisation, to audit the accounts by the Internal Auditor. (Assam aided College Management Rules, 1965 and amended in/1976) In the three Universities of Assam there is an Internal Audit Department headed by an Internal Auditor or an Audit Officer under the Accounts Department. In the grants-in-aid system of Colleges in Assam two members other than staff representatives and office bearers of the College Governing Body have been appointed by the Governing Body as Internal Auditor for auditing the accounts of the college for a particular year/years. After auditing the accounts, the internal auditor submits the report to the College authority. After due examination

\(^{21},^{22}\) Ibid P. 271-72
and proper discussion with the Management Body the report may be sent to the Director of Higher Education/Director of Public Instruction, Assam, for further action or for realising grants etc. to the College. On certain occasions when there is a public criticism against the action of the authority or if the authorities are not satisfied with the audit report, a specific audit was conducted by the government to audit, re-audit the accounts for a particular period. There are many instances when the misappropriated money was recovered. Some dishonest members of the staff were punished by the court of law or by the respective Department. In recent time the government has withdrawn financial powers and Secretariship of about 22 college Principals all over Assam. In the Nalbari District Financial powers and Secretariship of three College Principals e.i. of Nalbari College, Nalbari, Kamrup College, Chamata and Tihu College, Tihu have been withdrawn, by the government, on the basis of Internal Audit Report.

The effectiveness of audit is very much reduced because of the fact that it is done by an external agency once in a year in which only past transactions are examined and scrutinised. Under such a system only past mistakes and irregularities are brought to light. Audit is, therefore, not effective. A system of Internal Audit as an adjunct on the overall audit system will be a better agency in maintaining financial discipline in local bodies. Internal Audit can be
The development works of each and every form of library depend upon its actual fund position. Library is a spending institution, hence it requires sound financial position for its all round progress. The existing source of income of our libraries in Assam are very negligible which will not cover more than 1 to 2 percent of the total recurring expenditure incurred during the year. Therefore, almost all the libraries are to depend upon the government grants or donation from the public. For better management and smooth administrative control there should be a budget for each and every library. Budget is such an instrument which can control the expenditure and helps in wise spending. Library Legislation in Assam may be implemented so that people in general may get benefit of library service.

Most of the libraries in Assam, both academic and public are managed by government grants, hence it is a part of State's budget. It is the responsibility of the State that the grants offered to different kinds of libraries should be utilised properly and promptly. Therefore, all such accounts are to be audited by the State's government's agency namely the Examiner Local Accounts and by the Accountant General in respect of government organisations.
It has been observed that the audit report suggests various ways and means for maintaining the accounts in the proper form, utilisation the grants for which it is meant and to refund of government grants which is not utilised properly. Some misappropriation cases are detected by the auditor and most misappropriated fund have been recovered from the dishonest person. It has also been observed that the auditor examines only the past accounts on papers. If papers are alright the auditor has nothing to do, but beyond the papers, there are certain things which the auditor should verify physically. Then the actual picture can be brought to light. Whatever necessary the subject expert or technical expert may be appointed just to help the auditor, so that auditing may be effective.