

Problems and Prospects of Privatisation of Library and Information Services in India : The Information Industry View Point

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Abstract

The author explains the concept of privatisation and the changing library culture of charging a fee for the service with reference to independent libraries and libraries that are part of a bigger parent organisation. It discusses possibilities like partnership between libraries and industries for effective marketing and distribution support and the problems that may crop up in such a partnership.

1. PRELUDE

- ✦ British Library Document Supply Centre, UK, a non-profit government organisation earned 28 per cent of its annual expenses of £101 million by sales revenue through its services (1993-94).
- ✦ NTIS—National Technical Information Services, USA (a government organisation) earns its entire expenses including staff salaries by its sales revenue. The budget support of US Government to NTIS is nil. They not only sell the reports of government funded research results but also pay royalties on acquisition.
- ✦ MEDLINE is a popular database produced by the National Library of Medicine, USA. It is the cheapest database and has the largest number of users from S&T segment. It is available through 10 online hosts (perhaps more) and published on CD-ROM by four CD publishers. Its sales and royalty revenue is more than the production cost.
- ✦ OCLC, USA, a non-profit library co-operative, wholly owns a pro-profit company called Information Dimension Inc., USA—the developers of BASIS and TECHLIB.
- ✦ National Chemical Laboratory (NCL), Poona, generated Rs. 19 lakhs through sales during 1994-95 from their online and document delivery services which is about 20 per cent of their total annual spending.
- ✦ The procurement budget of Indian Institute of Science (IISc) Library is Rs. 4 crores. The library has 160 external corporate members. The only fee-based service that they currently offer is photocopying service from which they earn about Rs. 3.50 lakhs per year. The

library has an ambitious plan to generate about Rs. 1 crore annually by selling its services.

- ✦ The National Science Information Centre (NCSI), an UGC funded project located at IISc, Bangalore, has been set up to provide science information services to all seekers for a price. It operates on an annual budget of approx Rs. 40 lakhs. Its sales earnings are about 10 per cent of its budget. NCSI started with free services and has completely moved to nominal-fee services.
- ✦ British Council Library, Bangalore earned Rs.25 lakhs from membership fee and sale of weeded out books. It has about 9,000 members.

The scenario narrated above is an indication of emerging trends towards fee-based library and information services and their market acceptance. It also suggests the prospect ahead for the privatisation of library and information services.

The prospect chasing will have its share of problems too. How far the privatisation will help in their pursuit of prospects? What are the opportunities? What does privatisation really mean in terms of structural changes in the library system? How does the information industry look at this trend? These are the issues addressed in this paper.

2. PRIVATISATION

Privatisation has been extensively debated as a policy option in reducing the role of government in national economies. Over a decade of experience by various nations and several research studies by the World Bank, IMF and other agencies confirm not only the positive impact of privatisation but also the compulsive need for it¹. In India, an undercurrent is building

up in favour of privatisation which is characterised by:

- Partial or complete ownership change from Government control to private management.
- Partial or complete reduction in Government's budgetary support.
- Reduced political/bureaucratic intervention.
- Improved quality-performance.
- Willingness/ability to take the risk.
- A shift from free service to either nominal or rational pricing.
- Letting the market forces decide the need for a service and its continuance.
- Generating investible surplus for a sustainable growth.

3. CHANGING LIBRARY CULTURE

Libraries do play a distinct role in the national economy. They have a socially recognised responsibility of archival and dissemination support to knowledge and information seekers. Libraries world over operate as non-profit organisations. Now, they have started appreciating the need for and importance of marketing the library service. The concept of charging a fee for the service is slowly gaining support although there is a strong resistance to fee-based services by the traditional advocates of library co-operation.

With the exception of national and public libraries, all other libraries are part of a parent organisation. Let us call them Independent Libraries (IL) and Affiliated Libraries (AL) respectively. The mission and goals of an AL are controlled and directed by its parent organisation. The users of AL are primarily the staff of the parent organisation. The clients and associates of the parent organisation can also become

the clients of AL if the parent organisation encourages such a policy. Thus the clients of the AL will fall into two groups:

- (a) Internal clients who are the staff of the parent organisation.
- (b) External clients who could be:
 - (i) associates of parent organisation,
 - (ii) clients of parent organisation, and
 - (iii) the general public.

The ILs have only external clients. They have a greater autonomy and can play a more active and leadership role in the privatisation of library services.

Privatisation generally means change of ownership, either partial or complete, from the state to the general public or private investors. For libraries, change in the ownership structure is not a feasible option. What the libraries can do is to privatise their services by imbibing the spirit and culture of a private enterprise.

The primary objective or appealing reason for privatisation appears to be the revenue generation to support the declining budgetary support. While the objective is justifiable, the motive is largely acquisitionist. Generally, libraries want more budget to continue subscribing to journals and to buy more books and journals. It could be a worthwhile research study to find out how much money libraries have spent over the years on collection building and what percentage of it has been employed for providing efficient access infrastructure. Even today, there are instances of university libraries investing very large sums on buying back volumes of journals but complaining about lack of funds for investing in IT resources and building reliable network infrastructure for access. Unless there is a shift in focus from acquisition to access, the service quality and performance are unlikely to improve. If it is possible to provide access to

information anytime, irrespective of its location and time, all that the library needs to have is the facility for access and delivery. The library can even avoid competition for collection building and its ownership which is largely a budget dependent activity. If the client's satisfaction is the measure of success, access becomes the key focus. The emergence of Internet and information super highways is already dismantling the old structure—publishing and information ownership. The arrival of electronic journals and the Internet subscriptions have already signaled the shape of changes to come. The libraries will have to learn to appreciate the fact that they are not even the absolute owners of the information they buy and build.

Thus the privatisation of library service would mean a paradigm shift from information ownership to information access and delivery which will need a structural change in the current library policies and practices, cultural change in the library functions and practices than literal change in its ownership. The changes would mean:

- Expanding the client base beyond the parent organisation staff.
- Developing a pricing mechanism for charging the external clients and sharing the resources through library co-operation and networking activities. The library could charge its internal clients too depending on the policy of the parent organisation.
- Marketing the service, both within and outside the parent organisation.
- Shifting the focus from acquisition to building IT infrastructure for access and delivery.

- Looking at the library as a resource sharing node in the global network of information access and delivery system.

4. THE INFORMATION INDUSTRY

This industry represents companies and institutions who produce, market and distribute information products and services for the benefit of external clients. By this definition, ILs automatically join the industry. ALs too can become part of the industry if they are marketing or distributing their information services to external clients—free or for fee.

Information industry looks at the library from many perspectives. For the industry, the library is a

- client who buys the industry's products/services,
- channel to reach the end user for those products/services, and
- partner in the business of information handling.

4.1 Marketing Partnership

For a library, information industry is a resource base. It can be considered as librarian's library or the information centre of an information scientist. The doctor and pharmaceutical industry relationship can be an appropriate analogy. Like a doctor who prescribes the products of a pharmaceutical company, the librarian or information scientist recommends and delivers an appropriate information product or service. Additionally, the librarian acts as an internal marketing agent of the industry (not any specific company) and promotes the information usage. The internal marketing which the librarian does (and should do) is the greatest benefit to the industry and a useful service to the end user. While an information industry like Knight-Ridder (Dialog) or Silver Platter can reach a few

people directly in an organisation, it is the library which can reach all users in the organisation through internal marketing. The marketing partnership can work both ways. The library can become the production centre for a specific service for which it has resource base. The industry can provide marketing and distribution support.

4.2 Training Support

A library which specialises in a specific product can provide training support to external clients for using that product. The positive and gainful experience of Informatics with NCL in providing training support to Dialog users is worth mentioning.

4.3 Support in Privatisation

Both the industry and the library have a common client—the user of information product/service. The industry has the character of an enterprise and works on the culture of privatisation. To effectively imbibe the culture of private enterprise, our libraries will have to undergo a process of re-engineering. They can learn a great deal from the industry in this regard. An example could be that of establishing a production and quality control system for database production activity in a NISSAT centre. The industry can transfer the production system and control procedure to the centre.

4.4 Problems

In its task of privatising its services the library may both face and cause many problems. Let us look at some of them.

- The first major problem is cultural adaptation which will need time. Both the library staff and management (parent organisation) may resist change. Administrative issues and procedures may create serious barriers to privatisation. For

instance, a library in a government set up may be allowed to charge for the service but is not allowed to use the revenue generated. The process requires patience and perseverance on the part of library management.

- Service marketing is tough and expensive. It involves highly customised, client-specific approach. Achieving client satisfaction is a formidable task, particularly with bibliographic information service which is based on probabilistic measures of relevance. The library staff/profession needs to develop an image, capability and approach of a consultant to be effective in service marketing.
- Charging for the service, even if it is a small sum, will lead to a demand for better product quality/performance and service efficiency. An unimaginatively low-priced product/service may undermine the value of the product. Equally, an irrationally high-priced product may kill the demand for the product/service.

5. CONFLICT AREAS

5.1 Competitive Disadvantage

The externally marketed services of a library information centre which is a non-profit government agency may pose serious and unfair competition to the industry. The former has the advantage of tax-free purchases and incomes. For instance, a library which sets up an Internet host facility can offer access to a database at a rate three times cheaper than a private company which offers access to same database because VSNL's Internet charges are 2.5 times higher to a company compared to what they charge from a non-profit organisation.

5.2 Copyright Issues

An information product is an intellectual property. The information industry draws its strength, survival and competitive advantage from copyright which protects the industry's commercial interests and guarantees sustainable growth. When a library widely distributes an information product/service purchased from an information industry company, without obtaining copyright clearance and paying additional license fee, if any, besides causing copyright infringement it will be hurting the interest of the industry. In the long run, the library will be hurting its own interest too as the industry may not afford to continue publishing a product if the revenue loss is substantial due to widespread copyright violation. Information products are expensive to build and maintain. But copying and distributing them, particularly because of the convenience offered by IT, is cheaper. The technology available today allows easy duplication of the entire data on CD-ROM to another CD-ROM at a fraction of the cost of the database. However strict the law enforcing agency may be, ultimately it is the social order against widespread copying that can prevent the damage. Copyright is becoming a particularly serious issue in the context of electronic publishing and network access. The library and the information industry have a joint responsibility in fighting against copyright infringement as it affects every one including the user.

6. PROSPECTS

The Government's policy option of liberalisation and privatisation is sure to result in continued reduction in budgetary support to libraries. This can be viewed more as an opportunity for change rather than a threat. In exploring the opportunities

lies the prospects. Here are some suggestions.

6.1 EDP-IT Business Model

Libraries can look beyond charging a fee for the service for earning money to supplement the shortfall in the budgets. Let us draw lessons from the EDP model in companies. Many companies had invested heavily in EDP and computing infrastructure. When the expenses became heavy to be supported by budget they started looking at EDP investment and expertise gained as a strategic business opportunity for diversification. There are a good number of examples. During mid-80s Jensen & Nicholson, a paint company, invested in EDP for effective cost control and MIS. During the early 90s they looked at the infrastructure and their in-house expertise as an opportunity to offer IT consultancy and software development support to IT industry. When a very few knew about e-mail, the Company developed an e-mail software for their corporate e-mail function. Later, they launched it as general purpose e-mail package to the market after refinement.

Large and specialised libraries can look at their resource base as an opportunity to create products and to enter information industry market. ALs like IISc and IIT libraries, can look at their resource base and infrastructure as a strategic business opportunity. If well planned with business-like approach, leaving the academic egos behind, they can create a niche market for themselves.

6.2 NTIS-MEDLINE Model

ILs like National Medical Library and DESIDOC, can adapt the NTIS or MEDLINE model with required local modifications. They can generate a substantial portion of their expenses, as much as 50 per cent or more, from the sales. Many of the serious

efforts in this regard have not given the desired results largely for lack of focus and an enthusiasm to do too many things. A change in work attitude, and an incentive based system can bring about the desired change.

6.3 Redefining Library Co-operation

Library co-operation has more to its share of failures than success. The reason lies in what I can call *Haves vs. Have-nots syndrome*. The *Haves* have everything to give at the cost of their internal clients and the *Have-nots* have nothing to give but everything to take free-of-cost. Introducing a pricing mechanism as a token of exchange will radically alter the situation. OCLC should be the model for our DELNET and the likes. It is a completely self-supporting library co-operative venture. Recently, OCLC invested \$100 million to enhance their Talcum network and Internet capabilities.

6.4 Marketing

Marketing is much more than printing a brochure and a promotional news letter. It is a full function activity. Even the clients who know about the product need to be targeted often to retain and increase their usage. Following are the prospects of taking marketing as a serious and integral part of library functions like cataloguing and circulation:

- Increased client base.
- Increased client demand for better and more information products/services.
- Innovation and improvement in product quality and performance.
- Products/services that match the growing and changing needs.
- More usage and consequently more revenue.

OCLC's FirstSearch is a classic example of how innovation and marketing can dramatically increase the usage. At a time when everyone feared and forecasted a decline in prospects for online because of the emergence of CD-ROM, OCLC boldly launched re-introduction of online to university campuses at an unprecedented scale. The increase in usage has created history in the information world and OCLC has proved that online is cheaper than CD-ROM if widespread usage can be achieved. The success is a bold marketing experience with known technology.

The libraries should also realise that everything cannot be marketed. Good marketing assumes and believes that a product that closely meets the client's perceived needs and benefits alone will be accepted by him, particularly when the client pays for it. A large collection is no guarantee to success. A marketable information product needs serious development inputs.

7. CONCLUSION

The libraries need to understand their role as a channel or intermediary in the process of information transfer and dissemination, be it non-profit or for-profit. They act as a distribution network to publishing and information industry for reaching the end-user. They are closer to the end-user. Their partnership and support is essential to the information industry in internal marketing which is an approach to reach a large number of users within an organisation. Privatisation of the library services should be reviewed as an opportunity to introduce enterprise culture and integrate the library with the rest of the information distribution channels. The gains in the process are many. Revenue earning is one small but important gain. The most important gain is sustainable growth of library services and their genuine appreciation by the clients who pay for it.

REFERENCE

1. Cook, Paul and Kirkpatrick. Privatisation policy and performance: International perspective. Prentice-Hall, 1995.