India has approx. 6,00,000 villages. It has 6,00,000 cooperatives. That is 1 cooperative for every village! Theoretically, this should help in improving the income of its members. However, many of these cooperatives are making losses. For instance, 44% of all Agri-cooperatives make losses!

What explains this?

Govt. Role
Centralised control with Govt. appointed staff whose incentives are not aligned with the model.

Lock of ownership
The members do not have a financial or an emotional ownership of the institution.

Politics
Many cooperatives have got mired in politics.

Stagnation
They have stagnated as an organisation.

What can cause a metamorphosis?

Recovering the Confidence
Through communication of success stories, field visits and getting people to see the larger opportunity in creating an enterprise.

Recreating the Ownership
Transforming the legal entity into a producer owned collective with investments from members and setting a democratic structure for participatory decision making.

Recreating the Enterprise

Recreating the Leadership
Identifying and developing local leadership that can sustain and grow the business enterprise, while meeting the social objectives.

Outcomes

Self-Reliant Evolution
From a loss-making to a surplus-generating organization, thereby improving the income of its members by 2-3 times. The change will not be just economic, but also improve quality of life. Instead of depending on the Govt., small producers gain the skill and confidence to manage their own enterprise.

Potential
If we transform just 5% of the 6,00,000 cooperatives that are making losses, it would be 30,000 cooperatives.

At an average turnover of 0.5 crores, it can generate business revenues worth Rs. 15,000 Crores for the members of the cooperative. At 100 members per cooperative, it can improve income of 400,000 households by 2-3 times.