

Startup brings new vision to microlending

March 17 2010, By Mike Cassidy

Sitting with Sunny Mahant at a neighborhood coffeehouse near his San Francisco home -- the home that serves as his office and a funding source for his startup -- it's hard not to root for him.

It's hard not to root for him because he wants to do the world some good. But it's also hard because he embodies one of the best things about [Silicon Valley](#): It's that penchant for going for it, for attacking a difficult problem in a way that might seem improbable.

Mahant, who spent years at Bell Labs and was a product marketing manager at Cisco Systems, was inspired to try a new challenge after a 2006 visit to India, where he was born 43 years ago. He was showing his Lithuanian wife, Giedre Nakutyte, his homeland for the first time. They went to the Taj Mahal. And what Mahant remembers is the army of children, as young as 8 years old, working in the shops and restaurants nearby. These were not kids helping out after school. They were kids who did not go to school. They worked. Full time. Under tough conditions.

"They get essentially yelled at. I noticed some of them were being slapped and hit," he says. "They either felt they had no choice, or they had no choice."

Poverty in India is crushing, and some families need the money their children make working more than they need those children to be educated. It's a problem not unique to India, of course.

Mahant says he turned to Nakutyte that day and said: "Hey, isn't this kind of terrible?"

And she said: "Well, you could do something about it."

After nearly nine years at Cisco, Mahant had been thinking about a new challenge. The trip to India was the push he needed. He began researching ways to help educate poor children in developing countries. He left Cisco and spent several months volunteering and learning about microcredit at Namaste Direct, a San Francisco nonprofit that works with poor women in Central America.

In 2007, with the help of Brynna Jacobson, from Namaste, he started Janta, a nonprofit working to attract microloans (as small as \$25) and donations for poor students.

"I thought that the guy had a great future, and I was happy to do a little mentoring," says Namaste CEO Bob Graham, who's worked with microlending for 25 years. "I'm a big supporter of what he's doing."

Mahant's vision: Work with nongovernmental organizations in [developing countries](#) to find those in need; and introduce donors to borrowers by posting their photographs and telling their stories at [jantaloans.org](#) .

Donors lend or contribute to individuals who need money for supplies or tuition, or need money to replace lost income when they go to school instead of work. Financial partners service the loans and keep interest payments. Lenders are repaid the principal and Janta seeks contributions to cover operations.

"We're at what I consider the first stage of the product line," says Mahant, who has a 15-month-old son, Yogi, who sometimes makes him

feel like his whole life is in startup mode. "We hope over time, if we can pull this off, we will ourselves be a global microfinance organization."

Microfinance has shown great potential in the developing world, where a little money can go a long way. Ideally, entrepreneurs pay loans back from profits. When it comes to students, the model is slightly different, Mahant says.

He says some who receive loans through Janta will need the money for upfront costs, such as tuition, that they can pay back over the year. Others will need bridge loans to help with expenses between harvests. Some will take loans for trade school. They will presumably find work that will help them pay back the loan. Ideally, some lenders will be willing to make long-term loans or even provide grants.

Mahant, who uses the language of business, says Janta is in beta. The nonprofit itself funded about 125 students in India and Nicaragua to see how its system would work. Mahant says the pilot was encouraging, but he knows starting an enterprise is no easy matter.

Not surprisingly, raising money to run Janta has been a struggle. Initially, Mahant thought he'd create a for-profit social enterprise. But when the economy tanked, the prospect of attracting investors dimmed. So he went the nonprofit route. For now, he's primarily self-funded, relying on stock and savings. He and his wife are selling their home and plan to put some of their equity into Janta.

The organization is identifying and screening a new group of students whose stories should be posted on the site this summer. That, Mahant says, is when Janta will begin to build real momentum.

"We hope we're not doing it against the odds," he says. "It's tough for all startups."

Which is true. But Janta is one startup it's hard not to root for.

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