Journal of Research and Development
A Multidisciplinary International Level Referred and Double Blind Peer Reviewed, Open Access
ISSN : 2230-9578 | Website: https://jrdrvb.org Volume-18, Issue-4| April-2026

Original Article

From Jugaad to Scale: Why India's Startup Culture of "Making Do" Eventually Becomes the Ceiling It Cannot Break Through

Rahul Richhariya[1] Prof. Chandra Bhushan Dubey[2]
[1]Research Scholar, Department of Commerce, Mahakaushal University, Jabalpur (M.P.)
[2]Supervisor, HOD, Department of Commerce, Mahakaushal University, Jabalpur (M.P.)
Email: richhariyarahul.123@gmail.com

Manuscript ID:
JRD -2026-180422
ISSN: 2230-9578
Volume 18
Issue 4
Pp 144-149
April- 2026
Submitted: 21 Mar. 2026
Revised: 31 Mar. 2026
Accepted: 16 Apr. 2026
Published: 31 April. 2026

Abstract

"Jugaad" — India's celebrated philosophy of frugal, improvisational problem-solving — has long been presented as one of the country's greatest entrepreneurial advantages. And at the early stage of a startup's life, it genuinely is. Founders who can build something functional from very little, who can find workarounds for broken systems, who can serve customers at a tenth of the cost that a Western competitor would need — these are real competitive skills. But this paper argues that Jugaad has a dark side that the entrepreneurship literature has largely ignored. At the scaling stage, the same improvisation that helped a startup survive starts to undermine its ability to grow. The quick fixes become permanent liabilities. The tribal knowledge becomes an institutional blind spot. The informal governance becomes a governance crisis waiting to happen. Drawing on published case evidence from BYJU'S and OYO Rooms, statistical data from India's startup ecosystem, and the broader academic literature on organizational learning and systemic innovation, this paper proposes a "Structured Frugality" framework — a way of keeping the cost efficiency and adaptability that Jugaad provides while building the process discipline that global-scale enterprises require. India will not become a genuine "Product Nation" until its startup culture learns to make this transition.

Keywords: *Jugaad, systemic innovation, startup scaling, governance, India, institutional bricolage, technical debt, frugal innovation, organizational learning*

1. Introduction

There is a story that gets told a lot in Indian startup circles about a founder who built the entire backend of his early-stage business on WhatsApp groups and Google Sheets. Customer orders came in through WhatsApp. Inventory was tracked in a shared spreadsheet. Payments were reconciled manually at the end of each day. The system worked. It was free. It required zero technical setup. It let the team focus all of their energy on acquiring customers and understanding what they actually wanted. By the time the company raised its Series A round, it had ten thousand active users, a clear business model, and a spreadsheet with forty-seven tabs that nobody fully understood anymore.The investor's first question after looking at the operations: "How long will it take to rebuild this properly?"

This story is not unusual. Across India's startup ecosystem, versions of this experience repeat themselves constantly. The very cleverness that gets companies through their early stages — the ability to make something work using whatever is available — creates organizational structures that cannot handle serious growth. The WhatsApp group becomes a compliance nightmare. The spreadsheet becomes an accounting disaster. The informal agreements between co-founders become governance disputes that board members have to resolve.This paper is about that transition: from the scrappy, improvised startup that Jugaad built, to the scalable, process-driven organization that serious growth requires. It is a transition that many Indian startups are failing to make, and the consequences — visible in the collapse of BYJU'S, the operational chaos at OYO during its peak growth years, and the governance failures at multiple late-stage companies — are significant enough to deserve serious academic attention.

Address for correspondence:
Rahul Richhariya*, Research Scholar, Department of Commerce, Mahakaushal University, Jabalpur (M.P.)*

How to cite this article:
Richhariya, R., & Dubey, C. B. (2026). From Jugaad to Scale: Why India's Startup Culture of "Making Do" Eventually Becomes the Ceiling It Cannot Break Through. Journal of Research & Development, 18(4), 144–149. https://doi.org/10.5281/zenodo.20362040

Quick Response Code:
Website: https://jrdrvb.org/
DOI: 10.5281/zenodo.20362040
OPEN ACCESS

Journal of Research and Development
A Multidisciplinary International Level Referred and Double Blind Peer Reviewed, Open Access
ISSN : 2230-9578 | Website: https://jrdrvb.org Volume-18, Issue-4| April-2026

2. Understanding Jugaad: What It Actually Is and Why It Works Early

Before criticizing Jugaad, it is worth being precise about what it is and why it is genuinely valuable.

The term begins with a Hindi word which described a temporary vehicle that used a diesel pump engine as its power source and base of a cart for creating an economical transportation system in rural areas. The concept has expanded to include all new methods that become necessary when resources become limited. The 2012 book by Radjou, Prabhu, and Ahuja introduced Jugaad as a way of thinking that enables people to discover value through difficult situations while using less than their maximum capacities. Jugaad operates through a management theory framework which connects to "bricolage" that Baker and Nelson established as research method of inventing new solutions through testable resources. Bricolage functions as the only method of operation which businesses adopt in developing markets. The essential components of Western business systems which include cloud infrastructure and standard supplier contracts and established human resource systems have become unavailable or too costly for developing companies.

Jugaad proves effective in India's startup ecosystem because of multiple interconnected factors which operate together from a specific moment onwards. During product-market fit discovery companies can maintain low operational costs through this method. The method requires founders to discover methods for acquiring customers because they cannot use expensive marketing to reach their goals. The method builds an organizational culture which develops genuine resourcefulness as a valuable asset. The method enables companies to operate with speed because they can conduct tests and make changes and create new business directions without having to comply with formal business procedures.

The companies that have thrived in India's Tier 2 and Tier 3 markets — the "Bharat" segment — have often done so precisely because of Jugaad thinking. The company developed three frugal innovations which enabled it to reach customers who remained unserved by its more affluent rivals.

Jugaad represents an accurate solution. The practice should not be regarded as a cultural defect that needs to be fixed. The method serves as an effective approach for businesses that operate at their initial development stage. The system establishes permanent usage which extends beyond its intended timeframe.

3. Where Jugaad Breaks Down: The Scaling Problem

The scaling problem with Jugaad operates through three distinct channels: technical debt, governance debt, and talent debt. Each of these deserves careful examination.

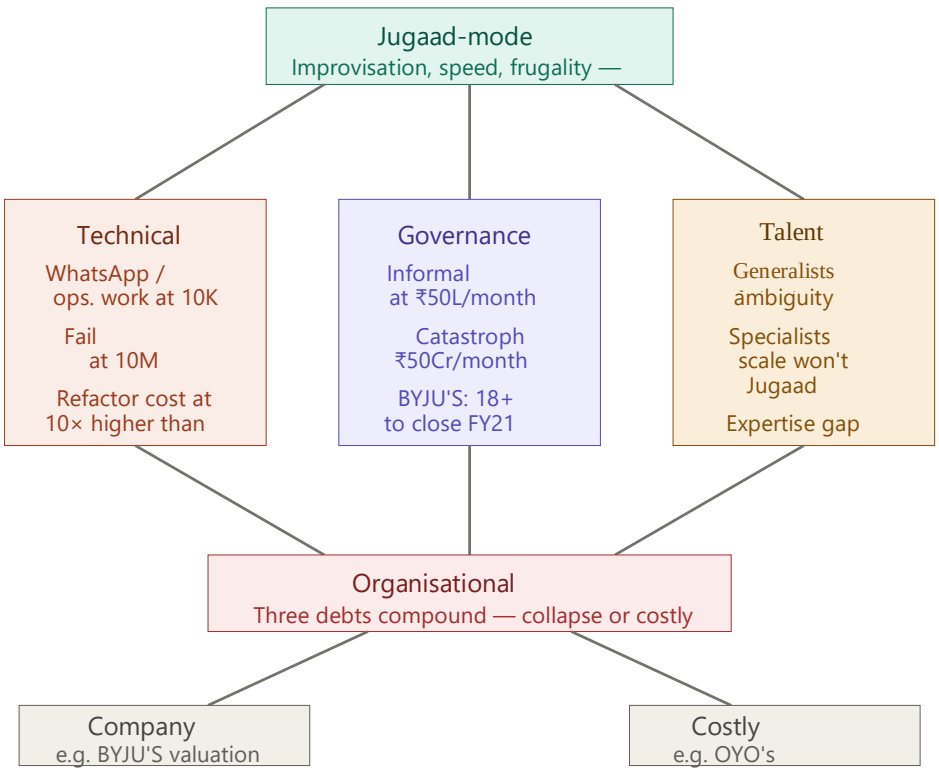

Figure. The three debt channels of Jugaad at scale. Technical, governance, and talent debt each accumulate independently but converge into a single scaling crisis. Neither debt alone is fatal — the convergence is.

Journal of Research and Development
A Multidisciplinary International Level Referred and Double Blind Peer Reviewed, Open Access
ISSN : 2230-9578 | Website: https://jrdrvb.org Volume-18, Issue-4| April-2026

3.1 Technical Debt

Technical debt represents the total expense that arises from implementing temporary solutions together with emergency fixes throughout a codebase. Developers who write code at high speed to finish their tasks select between two solutions which leads to "debt" because they must perform extra work to achieve proper system maintenance. Startups that follow Jugaad principles accumulate technical debt at an extremely rapid pace. The introduction presents the WhatsApp-and-spreadsheet system as a basic example. Payment processing systems that depend on manual reconciliation and data storage methods that lack fundamental security requirements and undocumented API integrations and customer-facing features with unpredictable performance failures represent the most serious problems.

This matters enormously at the scaling stage for a simple reason: when you have ten thousand users, your technical shortcuts are mostly invisible. When you have ten million users, they create crises. The system that works "most of the time" starts failing thousands of times a day. The manual reconciliation process that one person could handle in two hours a day now requires a team working around the clock and still producing errors. The undocumented API integration breaks when the third-party service updates its system, and nobody knows how to fix it because the original developer left eight months ago.

The cost of addressing technical debt at scale is dramatically higher than the cost of building properly in the first place. A startup that built its infrastructure correctly from Series A onwards might spend ten crore rupees on engineering over three years. A startup that built on Jugaad foundations and needs to refactor everything while simultaneously maintaining operations for millions of users might spend that amount in a single quarter, with significant customer-facing disruption throughout the process.

3.2 Governance Debt

Governance debt is less discussed in the academic literature but equally consequential. In early-stage startups, governance is typically informal and founder-driven. Decisions get made in conversations between co-founders. Financial controls are minimal because the amounts of money involved are small. Board meetings are casual affairs where investors and founders align on the next quarter's priorities.

This informality is not inherently bad. Early-stage companies need to move quickly, and formal governance structures can slow things down without adding proportionate value when the company is still small and all the key decision-makers are in the same room.

The problem is that governance practices, like technical practices, tend to persist beyond their useful life. Founders who built the habit of making major decisions informally, without documentation or board approval, continue that pattern as the company grows. Financial controls that were sufficient when monthly expenses were fifty lakhs remain unchanged when monthly expenses are fifty crores. Board reporting that was sufficient with two investors becomes inadequate when there are twelve.

The BYJU'S case, examined in detail later, shows what happens when governance debt is allowed to accumulate for long enough. The company was operating with internal reporting practices appropriate for a small private company while carrying a valuation of twenty-two billion dollars. When external auditors finally required rigorous standards, the gap between the company's actual practices and what was required took more than eighteen months to bridge — during which time investor confidence collapsed and the company's operational situation deteriorated dramatically.

3.3 Talent Debt

Talent debt is perhaps the most counterintuitive of the three. It describes the accumulated cost of hiring for flexibility rather than specialization.

In Jugaad mode, the most valuable employees are generalists — people who can turn their hand to any problem, who are comfortable with ambiguity, who do not need clear job descriptions or defined processes. These people are essential in early-stage startups and they tend to thrive in improvised environments.

But at scale, companies need specialists. They need the CFO who has seen proper financial controls implemented at a company with a hundred crore rupees in revenue. They need the engineering manager who knows how to build and maintain infrastructure that serves millions of concurrent users. They need the HR leader who can create the systems and culture that retain top talent as the company grows past two hundred, five hundred, a thousand employees.

These specialists are hard to recruit into companies with Jugaad cultures, because the Jugaad culture is often unattractive to them. Experienced professionals who have operated in high-standard environments do not enjoy working in organizations where processes are undefined, decision rights are unclear, and "we'll figure it out" is considered an acceptable answer to important questions. The talent debt compounds when high-quality specialists who join the company eventually leave because the culture is incompatible with the professional standards they are used to.

4. The Case Evidence: What BYJU'S and OYO Actually Tell Us

4.1 BYJU'S — The Most Expensive Governance Lesson in Indian Business History

BYJU'S is the most prominent recent example of what happens when a company rides Jugaad all the way from a classroom coaching center to a twenty-two billion dollar valuation without ever building the institutional infrastructure that a company of that scale requires.

Journal of Research and Development
A Multidisciplinary International Level Referred and Double Blind Peer Reviewed, Open Access
ISSN : 2230-9578 | Website: https://jrdrvb.org Volume-18, Issue-4| April-2026

The company's growth story is genuinely impressive. Byju Raveendran built something real — a learning platform that millions of Indian students used and found genuinely helpful. The COVID-19 pandemic accelerated adoption dramatically, and the company raised enormous amounts of capital on the strength of its user numbers.

But the way the company was run internally never caught up with its external valuation. Several patterns stand out.

Financial reporting was treated as an administrative burden rather than a management tool. When the auditors for financial year 2021 and 2022 required detailed, compliant accounts, the process took more than eighteen months and still ended with the resignation of the audit firm. This is not a problem that appears overnight — it is the result of years of informal financial management that worked fine when the company was smaller but was simply not capable of producing the rigorous documentation that a twenty-two billion dollar company needs.

Sales practices were aggressive in ways that created significant legal and reputational risk. The "hard-sell" culture that drove rapid growth also generated thousands of consumer complaints about high-pressure tactics, questionable loan products, and misleading representations about the value of the product. These practices were not the result of deliberate fraud — they were the result of a sales culture that was never given clear ethical guardrails, that was rewarded purely on the basis of revenue numbers, and that therefore evolved in directions that maximized short-term revenue at the expense of long-term trust.

Corporate governance remained informal far past the point where it needed to be formal. Decisions that should have gone to the board were made by the founder. Information that should have been shared with investors was not. When the board eventually tried to exercise proper oversight — by requesting accurate financial information, by raising questions about the company's liquidity — the founder treated it as an intrusion rather than a legitimate function of corporate governance.

None of this is unique to BYJU'S. The same pattern — improvisational practices that work at small scale creating catastrophic failures at large scale — appears repeatedly in the history of high-growth companies. What makes BYJU'S particularly important for this paper is that the Indian startup ecosystem celebrated the company's growth for years while the underlying governance problems were accumulating, because the culture of the ecosystem normalized the very practices that eventually caused the crisis.

4.2 OYO — when Jugaad Meets a Business That Cannot Actually Be Jugaad'd

OYO Rooms presents a slightly different version of the same problem. Where BYJU'S shows the governance failure of Jugaad at scale, OYO shows the operational failure of applying Jugaad thinking to a business that fundamentally requires physical quality control.

The company's original insight was legitimate and interesting: most budget hotels in India were operating well below their potential because they had no access to technology, branding, or pricing optimization. OYO would provide all three, take a commission, and create a nationwide network of standardized budget accommodation.

The problem was that "standardized" is the opposite of Jugaad. Creating consistent guest experiences across tens of thousands of properties requires rigorous process documentation, reliable supply chains, enforceable contracts with property owners, and systematic quality control. None of these things can be improvised. They require investment in infrastructure and institutional systems.

OYO's approach during its high-growth phase was to expand the network as fast as possible — bringing in properties, providing them with technology and branding, and then managing the quality problem reactively when complaints came in. The "Minimum Guarantee" payment model that the company used to recruit property owners was financially unsustainable at scale. The contractual disputes that followed — thousands of hotel owners claiming they had been misled about guaranteed payments — reflected the gap between the informal, relationship-based agreements that worked when OYO was small and the formal, legally binding contracts that a company with that many partners needs.

The COVID-19 pandemic which destroyed hospitality businesses worldwide showed OYO's operational model weakness. The business which operates on Jugaad principles faces major difficulties because it depends on temporary solutions instead of permanent systems. Frugal improvisation cannot support business operations according to the OYO case study. The management of ten thousand physical sites requires organizations to establish uniform procedures and mandatory requirements and dependable systems. The situation requires that solution.

5. What "Structured Frugality" Actually Means

The argument of this paper is not that Indian startups should abandon the cost efficiency and adaptability that Jugaad provides. That would be both impractical and wrong. The argument is that there is a transition point — usually somewhere between the Series A and Series B stage — where Jugaad needs to be consciously managed and partially replaced by more systematic approaches.

The concept of Structured Frugality describes a middle path between the informal improvisation of Jugaad and the rigid bureaucracy of traditional large organizations. It has four components.

First, deliberate documentation of what is working. The best Jugaad solutions are valuable precisely because they work. The problem is that they often work only because the person who invented them is still around to manage them.

Journal of Research and Development
A Multidisciplinary International Level Referred and Double Blind Peer Reviewed, Open Access
ISSN : 2230-9578 | Website: https://jrdrvb.org Volume-18, Issue-4| April-2026

Structured Frugality means taking the time to document successful improvised solutions — converting tribal knowledge into institutional knowledge that can survive staff turnover and scale.

Second, phased formalization of critical processes. Not all processes need to be formalized at the same speed. A startup does not need a full enterprise resource planning system to handle its accounting when it has fifty employees. But it does need a proper bookkeeping system, a clearly defined approval process for significant expenditures, and regular financial reporting that the founders and board can actually use. Structured Frugality means identifying which processes are critical to the company's risk profile and formalizing those first, even while maintaining flexibility in less critical areas.

Third, explicit governance transitions. The shift from informal to formal governance should be planned, not forced by a crisis. Boards and founders should have explicit conversations, at each funding stage, about what governance standards are appropriate for the company's current size and complexity. This does not mean creating bureaucracy for its own sake — it means ensuring that the company's decision-making processes can support the scale it is trying to reach.

Fourth, talent evolution rather than talent replacement. The generalists who built the company in its early stage have organizational knowledge and cultural credibility that new specialists do not have. Structured Frugality means finding ways to retain and evolve these people — giving them the training and mentorship they need to operate at higher standards — rather than simply replacing them with external hires who may be technically superior but organizationally alienated.

6. The Broader Ecosystem Dimension

The Jugaad problem is not just a company-level management challenge. It reflects structural features of the Indian startup ecosystem that make it difficult for companies to transition to more systematic approaches.

The capital environment is a major factor. When venture capital investors reward growth metrics above all else — measuring success by user numbers, revenue growth, and market share rather than by unit economics, governance quality, or operational resilience — they create incentives for companies to prioritize the activities that Jugaad supports and deprioritize the investments in institutional infrastructure that Structured Frugality requires.

The talent environment compounds the problem. India's engineering education system produces large numbers of people who are technically competent but who have limited exposure to the process discipline and documentation culture that systematic engineering requires. The best engineering graduates are often attracted to high-paying roles at Global Capability Centers or product companies, leaving the startup ecosystem with a talent pool that leans heavily toward improvisation because improvisation is what they have seen rewarded.

The cultural environment adds another layer. The Indian startup community celebrates "hustle culture" because it creates social pressure that prevents founders from building proper systems through their preferred slower, deliberate work methods. A founder who says "I am spending this quarter on process improvement rather than growth" is making a rational long-term investment but is often treated as though something is wrong.

The ecosystem-level factors need investors educational institutions and media organizations to work together with companies to create change. Investors who add governance quality to their evaluation criteria engineering programs that teach process discipline alongside coding skills and startup communities that celebrate organizational resilience alongside growth metrics will create an ecosystem where Structured Frugality becomes the standard practice instead of being an uncommon practice.

7. The Intellectual Property Dimension

The relationship between Jugaad culture and intellectual property creation represents the most important element of Jugaad problem because it affects India's capacity to achieve its innovation goals. Jugaad innovation represents application layer innovation because it demonstrates the ability of organizations to use existing tools in new ways which help them address specific local needs. The business model generates high value because it has created enterprises which now generate a billion-dollar valuation and provide service to more than 100 million customers. The method does not produce any intellectual property that can be protected through legal means. The creation of true intellectual property assets requires organizations to use a new work approach which includes the development of patents and proprietary algorithms and advanced technical systems. The project needs research work that should follow strict record procedures to create an original product which has real market value and can be legally protected. All of these elements become less important in Jugaad culture because it values quick results and practical solutions.

The consequences for India's innovation trajectory are significant. India produces an enormous number of STEM graduates, runs a substantial technology industry, and has genuine engineering talent at every level. But India's patent output, particularly in foundational technologies, remains dramatically below what its talent base would suggest is possible. The Jugaad culture is one reason why: when the ecosystem rewards clever application of existing technology rather than the development of new technology, it channels talent away from the kind of deep, patient work that produces patents and towards the kind of fast, pragmatic work that produces apps.

Building a genuine "Product Nation" — a country that creates technology rather than applying it — requires changing this. It requires creating conditions where deep-tech research and development is rewarded, where the time and money

Journal of Research and Development
A Multidisciplinary International Level Referred and Double Blind Peer Reviewed, Open Access
ISSN : 2230-9578 | Website: https://jrdrvb.org Volume-18, Issue-4| April-2026

needed to build truly novel technology can be raised, and where the organizational culture values the rigorous documentation of innovation rather than treating it as overhead.

8. Conclusion

Jugaad built Indian startups into a global phenomenon. That is genuinely true and genuinely worth celebrating. The resourcefulness, adaptability, and cost efficiency that Jugaad thinking brings to early-stage companies are competitive advantages that very few other startup ecosystems can match.

But Jugaad also left a trail of technical debt, governance crises, and organizational fragility across the Indian startup landscape. The companies that are thriving at scale — the ones that have built sustainable businesses rather than impressive valuations — are the ones that made a deliberate transition away from pure improvisation toward what this paper calls Structured Frugality: the combination of Indian cost efficiency and adaptability with the process discipline and institutional rigor that serious scale requires.

BYJU'S fell apart partly because it never made that transition. OYO lost years and billions of dollars because it tried to apply improvisation to a business that could not tolerate it. Paytm faced regulatory crisis partly because informal governance practices that were fine for a small company were disastrously inadequate for a regulated financial institution.

India's startup ecosystem needs to learn to celebrate this transition rather than treating it as a betrayal of the Jugaad spirit. The best founders are not the ones who improvise the longest — they are the ones who know when to stop improvising and start building properly. That is not a Western import. It is just good business sense. And developing that sense, at the ecosystem level, is one of the most important things India can do to fulfill its ambitions as a genuine Product Nation.

References

1. Baker, T., & Nelson, R. E. (2005). Creating something from nothing: Resource construction through entrepreneurial bricolage. *Administrative Science Quarterly*, 50(3), 329–366.
2. Bain & Company. (2021). *India venture capital report 2021*. Bain & Company, Inc.
3. BYJU'S Annual Filings. (2022). *FY21 and FY22 financial disclosures.* Ministry of Corporate Affairs, India.
4. Carpenter, R. E., & Petersen, B. C. (2002). Capital market imperfections, high-tech investment, and new equity financing. *The Economic Journal*, 112(477), F54–F72.
5. Dossani, R., & Kenney, M. (2002). Creating an environment for venture capital in India. *World Development*, 30(2), 227–253.
6. Hall, B. H., & Lerner, J. (2010). The financing of R&D and innovation. *Handbook of the Economics of Innovation*, 1, 609–639.
7. Isenberg, D. J. (2010). How to start an entrepreneurial revolution. *Harvard Business Review*, 88(6), 40–50.
8. Khanna, T., & Palepu, K. G. (2010). *Winning in emerging markets: A road map for strategy and execution*. Harvard Business Press.
9. KPMG India. (2021). *Startup ecosystem in India: Challenges and opportunities.* KPMG Advisory Services.
10. Lévi-Strauss, C. (1966). *The savage mind*. University of Chicago Press.
11. McKinsey Global Institute. (2020). *India's turning point: An economic agenda for the decade*. McKinsey & Company.
12. Mishra, A. (2025). Informal governance frameworks in late-stage Indian firms. *Corporate Governance Quarterly*.
13. Mukherjee, S., & Das, T. (2025). Firefighting culture vs. strategic innovation. *Management Science India*.
14. NASSCOM. (2022). *India startup ecosystem 2022: Pressing reset*. NASSCOM & Zinnov.
15. Radjou, N., Prabhu, J., & Ahuja, S. (2012). *Jugaad innovation: Think frugal, be flexible, generate breakthrough growth*. Jossey-Bass.
16. Radjou, N., et al. (2025). The Jugaad mindset and technical debt in Indian startups. *Frugal Innovation Quarterly*.
17. Sarasvathy, S. D. (2001). Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of Management Review*, 26(2), 243–263.
18. Schumpeter, J. A. (1934). *The theory of economic development*. Harvard University Press.
19. Sharma, S. (2025). The formalization tax: Regulatory friction in global expansion. *Global Business Review.*
20. Spigel, B. (2017). The relational organization of entrepreneurial ecosystems. *Entrepreneurship Theory and Practice*, 41(1), 49–72.
21. Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. *European Planning Studies*, 23(9), 1759–1769.
22. Venture Intelligence. (2022). *Indian private equity and venture capital annual review 2021*. Venture Intelligence.