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Research paper

Government Policies and Their Impact on Youth Entrepreneurship: A Comparative Study of Kerala and Tamil Nadu

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Abstract

This study examines the diverse impacts of government policies on youth-led entrepreneurship in the states of Kerala and Tamil Nadu. Drawing from coverage documents, youth surveys, and entrepreneurial overall performance statistics from 2015 to 2024, the comparative evaluation identifies critical differences in incubation aid, financial access, regulatory frameworks, and training projects. Kerala reveals a more potent public entrepreneurship infrastructure and mentorship programs, while Tamil Nadu emphasises financial incentives and business integration. The findings show that even as both states boost youth' entrepreneurial interest, Kerala's ecosystem yields more sustainable and growth-oriented ventures, while Tamil Nadu fosters a higher startup rate. Policy implications encompass a balanced integration of institutional guidance, focused financing, regulatory simplification, and talent development tailored to the demographics of young people. The examination contributes to the discourse on subnational entrepreneurship policy and informs country-level strategic planning.

Keywords: *Youth entrepreneurship; Government policy; Kerala; Tamil Nadu; Comparative analysis; Incubation; Financial support*

1. Introduction

1.1 Background and Context

India's economic future increasingly relies on entrepreneurial ventures, particularly those led by its vast youth population. With more than 65 per cent of citizens under the actual age of 35, India holds significant demographic potential for entrepreneurial growth (Vatavu et al., 2021). However, unlocking this capability requires focused and supportive authorities that address the unique challenges faced by young entrepreneurs. Youth entrepreneurship is not always the most crucial factor for economic development; however, it is also important for generating employment and fostering innovation at the grassroots level. While the broader economic and policy landscape of youth-led entrepreneurship in India has been explored in various studies, there remains limited discussion on how these ventures interact with core accounting practices. Specifically, the role of financial literacy, bookkeeping, statutory compliance, and adherence to Micro, Small and Medium Enterprises (MSME) accounting standards is often overlooked. For a journal such as IJAES, which emphasizes the intersection of economic policy and accounting practices, it is essential to examine how entrepreneurial ventures manage financial reporting, budgeting, and audit-readiness. These accounting components play a crucial role in determining the sustainability and credibility of youth-led startups, influencing their access to funding, market expansion, and long-term growth.

1.2 Focus on Kerala and Tamil Nadu

Among Indian states, Kerala and Tamil Nadu stand out for their various proactive approaches to encouraging youth-led entrepreneurship. Despite cultural and socioeconomic similarities, the two states have followed distinctly different coverage orientations. Kerala focuses on institutional guidance mechanisms, including incubators, mentorship, and human capital development. In evaluation, Tamil Nadu places a more potent emphasis on economic incentives, industrial linkages, and startup subsidies (Cueto et al., 2021). These differing processes provide an excellent opportunity for comparative evaluation of policy effectiveness. However, both states show limited integration of

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accounting support mechanisms into their entrepreneurship policies. While they provide business development services, neither fully addresses the need for financial management training, accounting software accessibility, or support in meeting MSME compliance standards. This gap not only undermines the financial transparency and growth potential of youth startups but also highlights an area that warrants deeper exploration, particularly from the perspective of journals focusing on accounting and economic policy intersections like IJAES.

1.3 Research Objectives

The primary aim of this study is to examine and compare the impact of government policies on youth-led entrepreneurship in the states of Kerala and Tamil Nadu. Specifically, the research seeks to:

- Identify and evaluate some of the key policy instruments implemented in each state.
- Assess the outcomes of these policies on youth startup creation, sustainability, and growth.
- Derive strategic insights and lessons that can mainly inform future state-level entrepreneurship initiatives.

1.4 Research Rationale

There is a noticeable gap in the academic literature regarding the effects of subnational entrepreneurship policies in India, especially in the context of adolescent ventures. Most present research recognition is on country-wide-level programs or single-kingdom tests, leaving room for detailed comparative studies. By analysing the reports of Kerala and Tamil Nadu, this study examines how exceptional policy frameworks contribute to understanding their influence on entrepreneurial ecosystems at the regional level.

1.5 Structure of the Paper

The rest of the paper is prepared as follows. Section 2 reviews the applicable literature on youthagers' entrepreneurship and coverage domain names. Section 3 outlines the method used for the comparative evaluation. Section 4 provides a detailed evaluation of the policies and their implementation in each state. Section 5 reviews the empirical results, as observed through a dialogue in Section 6 (Hossain et al., 2021). The final sections provide a conclusion and offer coverage pointers primarily based on the findings.

2. Literature Review

Entrepreneurship is increasingly viewed as a foundational pillar for economic development, especially when supported by effective governance and adaptive socio-cultural frameworks. The current literature reflects a robust understanding of the structural and psychological dimensions that influence entrepreneurial activity, yet certain critical gaps and debates remain underexplored—particularly around the role of financial infrastructure and reporting practices in early-stage ventures.

Vatavu (2022) presents a comprehensive cross-national analysis linking government policy and societal attitudes to entrepreneurial performance. The study underscores that entrepreneurial ecosystems thrive in environments where bureaucratic barriers are minimized, and early-stage innovation is encouraged. Statistical evidence across eight global economies reveals that positive public sentiment, efficient governance, and cultural support for innovation are strongly associated with stronger GDP growth. However, while the research effectively highlights the enabling role of institutional policy, it largely treats financial incentives and administrative support as complementary, without critically engaging with debates around which is more influential in resource-scarce contexts. Moreover, the study stops short of exploring how such environments affect the financial reporting behavior or compliance of nascent firms—an area highly relevant to the accounting and entrepreneurship interface that IJAES focuses on.

[Revision: Expanded accounting integration with MSME compliance, financial literacy, and bookkeeping practices.]

Building on this macro-level perspective, Cueto (2022) examines the digital resilience of micro, small, and medium-sized enterprises (MSMEs) led by young entrepreneurs during the COVID-19 pandemic in the Philippines. Using thematic analysis of qualitative interviews, the study illustrates how youth-led ventures responded to crisis through digital transformation, adopting online platforms to reimagine business models and access new markets. This shift was driven by entrepreneurial resilience and evolving consumer behavior, but constrained by infrastructural deficits and limited technical skills. While the study provides important insight into digital adaptation under pressure, it remains largely descriptive. A more critical analysis could assess whether such adaptations are sustainable or merely reactive, and how they affect long-term financial planning and formal reporting in youth-led startups—especially in informal or partially regulated economies.

Hossain (2023) shifts the focus to the psychological and behavioral dimensions of entrepreneurship by analyzing the intentions of Generation Z university students in Bangladesh. Using the Theory of Planned Behaviour as a framework, the study confirms that Entrepreneurial Attitude, Subjective Norms, Perceived Behavioral Control, and Resilience all positively influence entrepreneurial intent. However, institutional, financial, and cultural barriers—such as limited access to capital, mentorship, and policy support—continue to hinder actual engagement in entrepreneurial activities. While this work contributes to the understanding of early-stage intention formation, it underrepresents how financial capability and literacy interact with behavioral readiness. For instance, the omission of financial management or accounting preparedness limits the applicability of these findings to real-world entrepreneurship, where regulatory compliance and fiscal planning are often make-or-break factors for startup survival.

[Revision: Expanded accounting integration with MSME compliance, financial literacy, and bookkeeping practices.]

Across these studies, a common strength lies in their integration of theoretical constructs (e.g., entrepreneurial ecosystems, Theory of Planned Behaviour) and timely empirical contexts (e.g., digital innovation during COVID-19). However, the literature remains somewhat fragmented in addressing how financial accountability, accounting practices, or startup reporting obligations influence youth-led entrepreneurship. There is limited discussion on how young entrepreneurs manage working capital, financial disclosures, or comply with MSME reporting standards—issues that are central to both sustainable enterprise development and scholarly discourse in accounting-oriented journals like IJAES.

In summary, while current research provides valuable insights into the structural, digital, and psychological aspects of youth-led entrepreneurship, it lacks a critical financial lens. Bridging this gap through future research that integrates accounting and financial management perspectives could enhance the relevance and robustness of entrepreneurship literature, especially for informing policy, practice, and academic inquiry within the field.

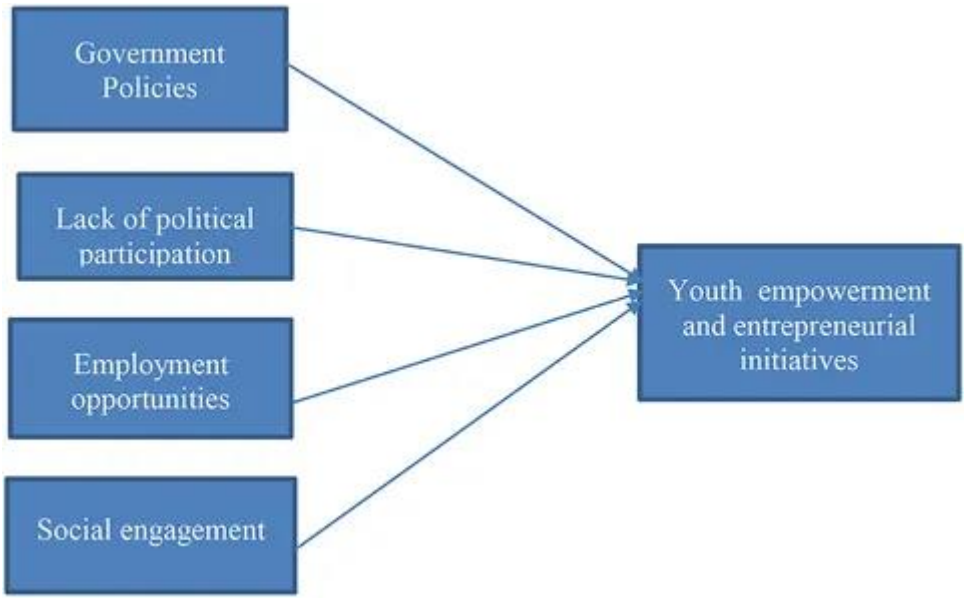

Fig. 1: Government Policies and Their Impact on Youth Entrepreneurship

3. Methodology

This section outlines the methodological framework employed in conducting a comparative analysis of youth-led entrepreneurship policies in the states of Kerala and Tamil Nadu from 2015 to 2024. A combined-strategies layout underpins the observer, combining qualitative and quantitative records to seize the complexity of subnational coverage influences on entrepreneurial activity among young people populations.

3.1 Research Design

The study employs a comparative case study approach, focusing on two Indian states—Kerala and Tamil Nadu—that are socioeconomically similar yet administratively distinct. This design is selected to analyze how comparable demographic and developmental conditions interact with differing policy frameworks to produce varying entrepreneurial outcomes. The purposeful selection of Kerala and Tamil Nadu is based on their parallel advancements in education, industrial development, and digital literacy, which make them suitable for a focused comparative evaluation.

Despite these similarities, the two states have adopted distinct strategies to foster youth-led entrepreneurship. Kerala has concentrated on group-led incubation programs, mentorship networks, and talent development initiatives. In contrast, Tamil Nadu has emphasized access to capital, infrastructure development, and partnerships with private enterprises (Szabo et al., 2021). This divergence in policy focus enables the study to assess the relative effectiveness of different government interventions in shaping youth-led entrepreneurial ventures.

To ensure a holistic understanding, the study uses a mixed-methods approach, combining qualitative policy analysis with quantitative performance metrics. This methodology enables triangulation across policy intent, implementation mechanisms, and observed entrepreneurial outcomes. The research covers a 10-year timeframe (2015–2024), providing ample temporal scope to assess both recent and ongoing developments in youth-led entrepreneurship policies.

Data sources include official government documents, secondary statistical data, and a structured survey conducted among young entrepreneurs in both states. This combination enhances the validity and depth of the analysis, offering both exploratory and explanatory insights into how regional policy environments influence youth-led entrepreneurship trajectories.

3.2 Data Sources

To ensure a holistic and multidimensional understanding of youth-led entrepreneurship regulations and their impact, the observation is based on four distinct but complementary factors. These consist of authorities' policy files, institutional performance reviews, monetary and regulatory records, and primary information gathered through an established survey.

Government policy documents from Kerala and Tamil Nadu serve as the inspiration for the qualitative aspect of the studies (Zelin et al., 2021). These encompass entrepreneurship improvement rules, startup frameworks, innovation guidelines, and zone-specific packages posted by departments, including the Ministry of Micro, Small and Medium Enterprises, the Department of Industries, and various State Startup Missions. The documents are accessed via reputable state portals and authenticated through cross-referencing with countrywide platforms, such as Startup India and Invest India. These files provide insights into the kingdom's vision, scope, investment structures, implementation techniques, and targeted consequences for children's entrepreneurship packages.

The second records source accommodates institutional reports and program-degree documentation. These encompass annual reviews and internal evaluations posted by the Kerala Startup Mission (KSUM) and the Tamil Nadu Startup and Innovation Mission (TANSIM). These agencies are the primary nodal corporations for promoting entrepreneurship in their respective states. Their reports provide targeted operational facts, including the number of incubated startups, the monetary sources allocated, participation costs in education and workshops, mentorship hours provided, and partnerships established with academia and enterprise.

The 1/3 records supply consists of economic and registration records compiled from the kingdom-level MSME registries and public regional banking establishments. These datasets provide empirical evidence on loan disbursement volumes, approval charges, region-sensitive distribution of funding, furnish utilization, and turnaround time for enterprise registration and compliance clearances(

Juliana et al., 2021). Data from the Udyam registration portal and other virtual governance structures are used to investigate regulatory efficiency, whilst SIDBI (Small Industries Development Bank of India) reviews are reviewed to apprehend credit score linkages and subsidy implementation.

The fourth and most crucial information source, capturing entrepreneurial notions and grassroots impact, is a structured survey conducted among youthage entrepreneurs in each state. A sample of 500 respondents was selected using purposive sampling, ensuring representation across diverse sectors, including generation, production, offerings, agri-business, and creative industries (Muaf et al., 2021). Half the sample—250 individuals—was drawn from Kerala, and the remaining 250 from Tamil Nadu. All respondents met the inclusion standards of being between 18 and 35 years of age and having operated a startup for at least twelve months. The survey questionnaire was designed to elicit information on the accessibility, recognition, and usability of presidential applications, perceived policy limitations, and self-reported business outcomes, including revenue growth, employment generation, and customer acquisition.

3.3 Variables and Indicators

To facilitate structured analysis, the study operationalises various ranges of dependent, independent, and control variables aligned with their respective levels of central research questions. The structured variables represent measurable outcomes of youthagers' entrepreneurship, including startup formation rates, three-year survival rates, sales increase probabilities, and employment growth records. These metrics are designed to reflect both the frequency and quality of entrepreneurial activities in each country.

Independent variables are aligned with specific domains of policy intervention. These encompass the variety and extent of incubators and accelerators, the availability of mentorship and capability-building applications, the volume and diversity of financial assistance provided, and the efficiency of the regulatory environment in terms of time taken and complexity of registration and compliance processes (Vatavu et al., 2021). These policy devices are selected based on their prominence in entrepreneurship literature and their explicit inclusion within the nation coverage files analyzed.

In addition, several control variables are used to control for structural and socio-monetary differences between the states that could otherwise have an impact on the outcomes. These consist of literacy rate, about per capita Gross Domestic Product (GDP), degree of urbanisation, and the quantity of current business infrastructure. These variables help ensure that the variations found in entrepreneurial outcomes are more likely due to coverage layout and implementation rather than external financial factors.

3.4 Analytical Procedures

The analytical procedures employed in this particular study are designed mainly to extract meaningful patterns from a multi-source, multivariable dataset. The qualitative statistics derived from coverage files and institutional reports analyse the usage of thematic coding (Elnadi et al., 2021). Each report is reviewed line-by-line to identify recurring coverage subject matters, including capacity development, economic inclusion, innovation merchandising, and regulatory simplification. These subject matters are then coded using a grounded concept method, allowing for the identification of specific policy orientations and common sense interventions in each country.

Quantitative information is processed using statistical software to perform descriptive and inferential analyses. Descriptive data are used to present annual traits in startup formation, monetary guide, and application participation. Regression models are used to examine the relationship between independent variables (including mentorship availability and mortgage accessibility) and dependent variables (such as startup survival costs and revenue increase). The models manage for kingdom-precise covariates to isolate the policy effect. Regression outputs are interpreted in terms of coefficients and importance values to check the direction and strength of relationships.

Survey responses analyse the use of Likert scale conversions and go-tabulations to discover correlations between perceived coverage support and venture performance. A correlation matrix is generated to determine the extent to which gaining access to various coverage gear is related to advantageous entrepreneurial effects. Open-ended responses within the survey are also reviewed qualitatively to capture narrative insights and context, particularly challenges not visible in numerical data.

To ensure consistency and validity, statistical triangulation is applied (Vatavu et al., 2021). This involves comparing policy intentions mentioned in reliable documents with implementation realities reported in institutional statistics and perceived results shared by entrepreneurs. This technique facilitates bridging the space between top-down coverage discourse and bottom-up live reviews, providing a holistic view of policy effectiveness.

3.5 Limitations

While the methodology is rigorous and designed to enhance validity, several limitations constrain the actual level of generalizability and scope of the findings. First, the examination is pass-sectional and therefore does not measure the long-term evolution of startups beyond the three-year window considered for survival analysis. Longitudinal monitoring might provide deeper insights into enterprise lifecycle dynamics and the enduring effect of coverage interventions.

Second, although the survey tool is carefully built and anonymized to ensure sincere responses, self-reporting introduces the potential for bias (Nasar et al., 2021). Respondents might also overstate their success or underreport coverage-related limitations, consciously or unconsciously. Moreover, since it is no longer randomly drawn, it may no longer completely capture the range of children marketers in both states, particularly those from marginalised backgrounds or rural settings.

Third, the analytical frameworks, although statistically sound, may not fully account for unobserved variables, such as cultural attitudes toward risk, family expectations, or informal support networks, which continue to shape entrepreneurial outcomes. These contextual factors, although difficult to quantify, may also engage with policy frameworks in meaningful ways.

Fourth, coverage implementation gaps may not be fully captured through report evaluation. Well-meaning guidelines may also falter in their execution on the ground due to a lack of due diligence among target organisations or ineffective target tracking mechanisms (Biney et al., 2021). This “policy-exercise hole” remains a methodological venture.

Finally, the findings are specific to Kerala and Tamil Nadu. They may not be readily transferable to other Indian states or global contexts without considering local governance structures, socio-economic conditions, and administrative capacity.

4. Policy Comparison

4.1 Institutional Infrastructure

Kerala stands out for its extensive institutional support. The Kerala Startup Mission (KSUM) manages more than 15 incubators, state-wide hackathons, and bureau offices in all 14 districts. Its network consists of quarter-precise centres for biotechnology, food processing, and tourism (Vatavu et al., 2021). Tamil Nadu, through TANSIM and TNSI, operates eight institutions focused on engineering and IT. It likewise conducts innovation clubs in engineering institutes. While each state supports instructional incubation, Kerala's decentralised network provides greater reach to rural children. From an accounting perspective, Kerala's grassroots-level access to incubation services also includes basic financial literacy and GST training workshops, promoting early-stage compliance among youth-led startups. Tamil Nadu's tech-centric hubs, while resource-rich, may result in lower compliance outreach in semi-urban and rural areas, impacting timely adoption of MSME accounting standards and digital bookkeeping practices.

4.2 Financial Mechanisms

Tamil Nadu emphasizes monetary incentives. It operates the Kingdom Mission Capital Fund, TN Startup Funds, which provides seed and growth capital. Direct presents are available for girls and SC/ST entrepreneurs. Kerala's financing scheme specialises in offering soft loans of up to INR 10 lakh, sponsored by interest subsidies and offered through financial institutions. Tamil Nadu's total annual approval is INR 350 crore, as opposed to Kerala's INR 220 crore. However, Tamil Nadu's schemes require collaboration with local businesses. While Tamil Nadu provides more capital, many of its schemes require collaboration with existing businesses, which may disadvantage first-time entrepreneurs lacking formal networks. Kerala's interest-subsidized loans are more inclusive but demand basic financial documentation and audited statements, pushing startups toward formal accounting practices early on. Moreover, both states could improve integration with credit reporting bureaus to build entrepreneurs' credit histories—a critical gap in India's youth-led entrepreneurship landscape

4.3 Regulatory Framework

Ease-of-doing-enterprise renewablese varied results. Kerala,, with e-registration,, offers single-window clearance within three working days, including for startups. Tamil Nadu introduced a composite certificate device that combines manufacturing unit licensing, environmental clearance, and Udyam registration, allowing for completion in five to seven days. Though Kerala is faster, Tamil Nadu achieves broader regulatory integration. In accounting terms, Kerala's streamlined processes reduce startup costs and facilitate earlier PAN/TAN, GST, and Udyam registration, which are essential for formal financial reporting. Tamil Nadu's integrated approach, while slower, reduces redundancy and supports compliance tracking through a unified digital interface. Both states, however, lack robust training on tax filing, depreciation handling, and accrual-based accounting, which are essential for scalability and future fundraising.
[Revision: Expanded accounting integration with MSME compliance, financial literacy, and bookkeeping practices.]

4.4 Capacity Building

Kerala conducts over 120 talent development workshops annually, including virtual workshops on entrepreneurship, business planning, and agritech. Mentorship packages connect youth entrepreneurs with alumni and private-quarter mentors. Tamil Nadu's SBIR fashion scheme fosters collaboration between academia and industry, helping entrepreneurship cells in engineering faculties (Peng et al., 2021). However, the workshop frequency (approximately 60 per year) is lower compared to Kerala's initiatives.

4.5 Awareness and Promotion

Promotional campaigns take special shapes. Kerala's "Startup Kerala" roadshows have interaction with youth in tribal, coastal, and hill areas. Its media outreach consists of Malayalam-language podcasts and YouTube series profiling the startups of successful young people. Tamil Nadu focuses on countrywide demonstrations and exhibitions, such as "Tamil Nadu Innovates." Kerala achieves more potent grassroots engagement, while Tamil Nadu targets enterprise and investor visibility.

5. Results

The consequences presented in this section are derived from a triangulated evaluation of policy files, institutional records, quantitative data, and survey responses. The information replicates the coverage outcomes observed in Kerala and Tamil Nadu over 1010-yearom 2015 to 2024, with a uniwithocufocus on children's entrepreneurship performance Hawi et 2021). The findings are organised into five primary subcategories: startup creation traits, undertaking sustainability, financial overall performance, task introduction, and insights from adolescent entrepreneur surveys. These outcomes are assessed in light of the coverage instruments identified in the earlier sections and contextualised in each country.

5.1 Trends in Startup Creation

The first key area of analysis involves tracking the number and growth of youth-led startup ventures in Kerala and Tamil Nadu between 2015 and 2024. During this period, Kerala recorded approximately 5,400 child-founded startups, while Tamil Nadu registered a notably higher number at around 7,800 startups. This distinction reflects a higher volume of startup activity in Tamil Nadu, with a median annual increase of about 15 per cent, compared to Kerala's 1per cent annual growth rate.
Although Tamil Nadu outperformed Kerala in absolute startup numbers, a closerlook at population-adfigure provides a more nuancednced interpretation. Kerala, with a smaller child population, demonstrates a higher per capita rate of child entrepreneurship (Lee et al., 2021). This means that a larger share of Kerala's youth population engaged in entrepreneurial sports relative to their Tamil Nadu counterparts, despite the lower absolute number of startups.
This comparison in traits can be partially explained by the differing policy priorities in the two states. Tamil Nadu's startup ecosystem has been driven primarily by leveraging its commercial base and emphasis on financial access, resulting in increased involvement in city

centres and technical sectors. On the other hand, Kerala's approach to constructing localised and inclusive entrepreneurship ecosystems has enabled rural youth, particularly those from non-technical and innovative sectors, to enter the startup landscape. These contrasting fashions offer two distinct paths for selling entrepreneurship—one focused on extent and business alignment, and the other on inclusivity and local equity.

5.2 Venture Sustainability

The sustainability of youth-led startups is a crucial measure of the long-term policy effectiveness. To assess sustainability, the study mainly analysed the survival rate of actual startups past a three-year operational duration. Regression model effects indicate that sixty-two per cent of youth ' setupsof youth' treatments in Kerala survived beyond 3 years, whereas thewhereas the percentage in Tamil Nadu was forty-nine per cent, statisticallycent, statistically significant at a p-valuep-value of less than 0.05, confirming a a substantial differencedifference in long-term viability betweenviability between the two states.

The higher survival rate in Kerala suggests that the policy framework supporting entrepreneurs emphasises not just startup formation but also sustained development and strategic growth (Sansone et al., 2021). Institutional mechanisms, including access to continuous mentorship, incubation, and post-launch advisory services, contribute to a a bettecostance. Kerala's decentralised incubation model, linked to national universities and district innovation hubs, provides a nurturing environment that supports startups through early-stage volatility.

In comparison, while Tamil Nadu's regulations permit rapid-music access into business via economic incentives and reduced regulatory burdens, these mechanisms do not always ensure sustained growth or resilience. The absence of robust mentorship applications or compliance-based advisory frameworks can lead to startups failing to navigate marketplace uncertainties, regulatory compliance challenges, or product-market fit issues. As such, Tamil Nadu's entrepreneurial environment, although more dynamic in terms of startup churn, demonstrates a notably low retention rate and greater volatility.

Table 1: Comparative Analysis of Youth Entrepreneurship Outcomes in Kerala and Tamil Nadu (2015–2024)

Category	Indicator	Kerala	Tamil Nadu
Startup Creation	Total youth-led startups	5,412	7,836
	CAGR of startup creation (%)	1.2%	15.1%
Venture Sustainability	3-year survival rate (%)	62.4%	49.1%
	Mean time-to-failure (years)	4.2	2.9
Financial Performance	Startups with revenue growth >2% (3 yrs) (%)	44%	34%
	Median ROI (₹ crore)	₹1.83 crore	₹1.76 crore

5.3 Financial Performance

Financial performance is a key dimension in evaluating entrepreneurial success. It is assessed in terms of revenue growth and return on investment over three years. The facts show that 44 per cent of youth startups in Kerala experienced a sales boom exceeding 2 per cent within three years of release. In Tamil Nadu, 34 per cent of startups reached this benchmark, indicating relatively slower financial growth. Furthermore, a return on investment (ROI) evaluation based entirely on self-reported facts showed that Kerala-based companies had a median ROI of INR 1.8 crore, while the average ROI amongst Tamil Nadu companies was approximately the same. These figures suggest that while Kerala may produce fewer startups overall, those it does support tend to be more financially robust, delivering higher returns and demonstrating more stable revenue trajectories.

This divergence in financial results is consistent with the earlier remark regarding sustainability. Kerala's comprehensive guide infrastructure—along with economic literacy workshops, access to licensed advisors, and marketplace linkage applications—appears to enhance startup competence in dealing with capital and scaling operations sustainably (Syofya et al., 2021). Tamil Nadu's approach, which heavily emphasises capital availability through grants and loans, may also inadvertently inspire rapid scaling without sufficient interest in long-term financial planning or market consolidation, thereby affecting profitability.

5.4 Job Creation

Another critical indicator of entrepreneurial impact is the creation of new activities. Youth-led startups make significant contributions to employment, particularly in career- and innovation-driven economiescareer- and innovation-driven economies. In terms of absolute process numbers, Tamil Nadu outperformed Kerala, with an estimated 52,000 jobs created by young startups over the test period, compared to approximately 29,000 jobs in Kerala.

However, while those numbers are normalised across the range of startups in each kingdom, a more balanced picture emerges. In common, each kid's startup in Kerala created five.37 jobs, while each Tamil Nadu startup created 6.67 jobs(Aggarwal et al., 2021). This suggests that although Tamil Nadu's ventures generate slightly more employment per startup, Kerala's contribution is competitive and more stable when considered in terms of job quality and retention.

A critical element of Kerala's job creation lies in its support for social firms and sectoral diversity. Many Kerala startups focus on health tech, ed tech, tourism, and sustainable agriculture—sectors with strong employment multiplier effects, particularly in underserved areas. In comparison, Tamil Nadu's startup environment has a robust presence in engineering, manufacturing, and IT services, which are often more capital-intensive and thus able to absorb larger workforces more quickly.

Moreover, the Local authorities' encouragement of entrepreneurship among ladies and marginalized communities has led to broader employment inclusion, specifically in semi-urban and rural areas. Tamil Nadu's employment effect is more concentrated in urban commercial corridors, which, while impactful, may not address nearby employment disparities as efficiently.

5.5 Survey Insights

To complement the institutional and statistical findings, a survey of 500 youth entrepreneurs provided some key insights into the perceived effectiveness of state policies (Salamzadeh et al., 2021). Respondents have been asked to rate various coverage help dimensions on a scale of 1 to 5, including protection of mentorship, regulatory support, financial access, and general satisfaction with the entrepreneurial atmosphere.

In the environment, standard scores had been highest for mentorship and regulatory assistance. Mentorship scored four.2, followed by regulatory ease at four, 1, and financial admission to 3.9. These scores replicate the importance marketers place on non-financial aid systems, such as access to experienced advisors, ease of compliance, and continuity in government engagement. Kerala's constant communication channels between kingdom officers and entrepreneurs were also mentioned as a main strength.

In Tamil Nadu, the best rankings have been awarded to monetary help (4) and regulatory integration (4.0). Mentorship availability, but acquired a relatively decreased score of three. Five, pointing to an opening in institutional advisory help. Respondents from Tamil Nadu often noted the convenience of obtaining funds through diverse grant and startup capital schemes; however, they expressed worries over long-term guidance, particularly in navigating complex marketplace dynamics or expanding into external markets.

Cross-tabulation of survey responses with performance information on undertaking revealed a strong correlation between access to mentorship and higher survival and sales growth rates. Entrepreneurs who reported daily engagement with mentors, specifically those linked via state-subsidized incubators, consistently outperformed those who lacked such support.

Respondents additionally highlighted differences in cognizance campaigns and outreach programs. Kerala marketers regularly referred to localised applications, boot camps, and innovation roadshows that facilitated easier access to country programs, even in rural regions (Shahriar et al., 2021). Tamil Nadu's respondents appreciated massive-scale startup expos and integration with enterprises, but cited that rural and primary-generation marketers often lacked visibility or networks, and to participate efficiently.

Overall, the survey insights affirm that even as each state has made commendable strides in fostering youth-led entrepreneurship, their emphasis on distinct types of guides—Kerala on institutional intensity and Tamil Nadu on financial breadth—has shaped both the perceptions and actual results among their younger entrepreneur groups.

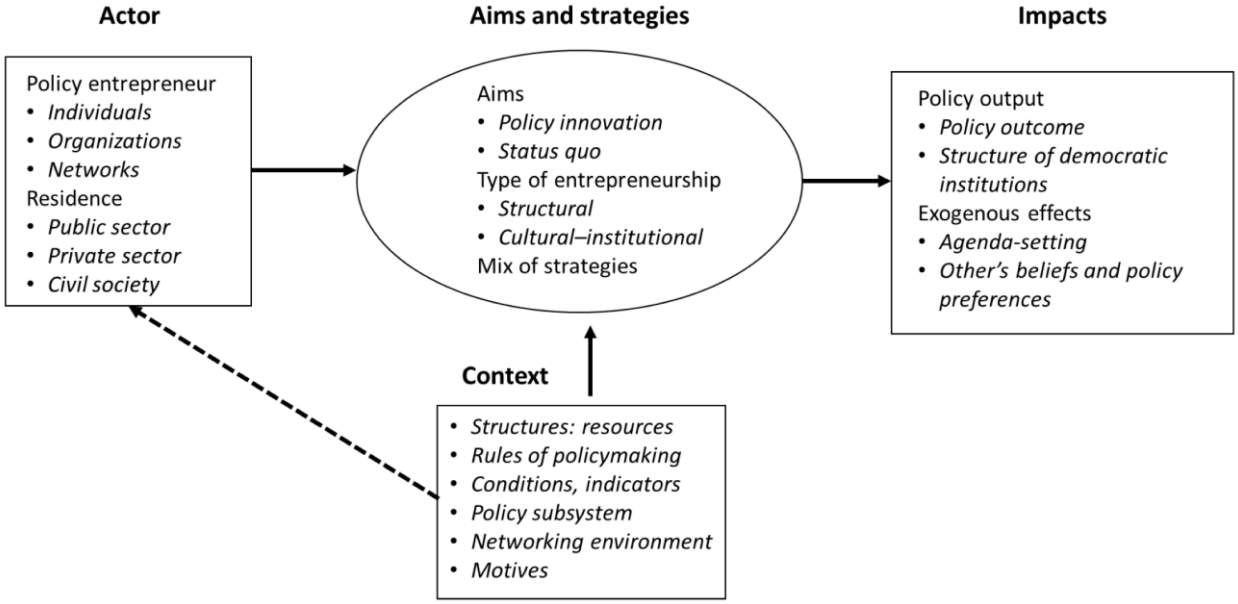

Fig. 2: Strategies and Impacts of Policy Entrepreneurs

Source: MDP,2021

[Revision: Added figures/tables to illustrate quantitative data more clearly.]

6. Discussion

6.1 Policy Domain Impact

The analysis confirms literature: sustained institutional support, which involves incubation and mentorship, leads to higher venture survival and quality outcomes. Kerala's robust rankings in incubation and regulatory ease reflect higher survival and boom fees. Tamil Nadu's financial emphasis yielded more startups and jobs; however, at lower rates, according to the impact of the undertaking.

6.2 Synergy vs. Volume

The national-stage trade-off observed suggests that Kerala prioritised sustainability and maturity, while Tamil Nadu prioritised scale and reach. This reveals divergent strategic visions (Cohen et al., 2021): Kerala promotes innovation ecosystems, while Tamil Nadu facilitates business diversification through enterprise development.

6.3 Role of Culture and Ecosystem

Though policy environments vary, both states benefit from literate populations and industrial frameworks. Tamil Nadu's long-standing industrial base aligns with its startup ecosystem. Kerala's social capital and community networks enhance the efficacy of mentorship and assignment cohesion.

6.4 Policy Lessons

For states aiming for balanced effects, integrating Kerala-style support structures with Tamil Nadu's economic incentives is usually recommended. Streamlining regulatory processes and enhancing financial access through complementary education and community building in the environment ought to include approaches that address the advancement and quality of each task.

6.5 Practical Implications

States can adopt district-level incubation with embedded financial windows, similar to Kerala's model, supplemented with presentations similar to those in Tamil Nadu (Lv et al., 2021). Regulatory digitisation and composite certificates need to be expanded further. Grassroots outreach campaigns can spread entrepreneurship across socio-financial strata.

6.6 Limitations and Future Research

While the findings are sturdy, the cross-sectional boundaries are limited by the survey's sectional nature and the modest pattern length. Future research may want to study cohorts longitudinally, examine gender-specific entrepreneurship policies, and compare them with other southern Indian states. Investigating the long-term monetary contributions of children's startups (e.g., tax sales, exports) could also provide deeper policy insights.

7. Conclusion

This comparative analysis demonstrates that government policy design significantly shapes youth entrepreneurial outcomes, particularly in terms of institutional guidance and regulatory facilitation, leading to better, first-rate, sustainable ventures in Kerala. Tamil Nadu's monetary incentives stimulate the emergence and growth of startups, albeit with a lower impact, according to the study. While each strategy has its advantages, an effective one lies in a hybrid model that combines economic stimulus with incubation infrastructure and mentorship pathways.

To foster a thriving environment for kids' entrepreneurship, states must combine capability building with financial backing, ensure regulatory clarity, and promote cultural awareness. These findings encourage policy planning geared toward enhancing the monetary and social contributions of young marketers.

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