Growth Potential and Status of The Service Sector in Thiruvannamalai District, Tamil Nadu: An Economic Analysis

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Abstract

The service sector plays a vital role in promoting economic growth, employment generation, income creation, and structural transformation in Tamil Nadu. This study examines the growth potential and status of the service sector in Thiruvannamalai District, Tamil Nadu, focusing on its contribution to the district economy and prospects for future development. The study analyses major service activities, including trade, transport, communication, banking, insurance, real estate, education, health, tourism, and other services. Both primary and secondary data are used. Primary data are collected from selected service-sector enterprises and stakeholders, while secondary data are obtained from government publications, district statistical reports, and official sources. Percentage analysis, growth-rate analysis, trend analysis, and comparative analysis are employed to assess the sector's performance. The study identifies major growth drivers, emerging opportunities, and constraints affecting service-sector development. The findings are expected to provide policy suggestions for enhancing investment, employment, infrastructure, entrepreneurship, and sustainable regional economic development in Thiruvannamalai District.

Keywords: Service Sector, Economic Growth, Growth Potential, Employment, Structural Transformation, Thiruvannamalai District, Tamil Nadu, Regional Development

Introduction

The service sector has become an essential component of economic development, contributing significantly to output, employment, income generation, investment, and

structural transformation. In Tamil Nadu, the sector has expanded rapidly through the growth of trade, transport, communication, banking, finance, education, healthcare, tourism, information technology, real estate, and other services. At the district level, the development of services plays an important role in improving livelihood opportunities and supporting the growth of agriculture and industry. Tamil Nadu is one of the leading states in India with a diversified and rapidly growing service economy. The expansion of service activities has significantly supported the state's economic development and created numerous employment opportunities.

Thiruvannamalai District has considerable potential for service-sector development due to its growing urban centres, religious tourism, educational institutions, healthcare facilities, transport networks, banking services, retail trade, and small business activities. The expansion of these services can generate employment, enhance household incomes, and strengthen the local economy. However, inadequate infrastructure, limited investment, skill gaps, and uneven development may constrain its growth. However, infrastructure gaps, skill shortages, limited investment, and uneven regional development may restrict the sector's potential. Therefore, analysing the status, growth trends, contribution, opportunities, and constraints of the service sector is essential for promoting sustainable and inclusive economic development in Thiruvannamalai District.

Overview

The service sector is an important component of the economy, contributing significantly to income generation, employment, investment, and regional development. In Tamil Nadu, the sector includes trade, transport, banking, finance, education, healthcare, tourism, communication, real estate, hospitality, and professional services. Thiruvannamalai District has considerable potential for service-sector expansion due to its religious tourism, growing population, urbanisation, educational institutions, healthcare facilities, transport networks, and commercial activities. The presence of the Arunachaleswarar Temple attracts large numbers of visitors and supports tourism-related services, including hotels, restaurants, transport, retail trade, and small businesses. The development of these activities can generate employment and strengthen the district economy. However, infrastructure limitations, skill gaps, inadequate investment, and uneven development remain important challenges requiring appropriate policy interventions.

Review of Literature

The literature on the service sector highlights its growing importance in economic growth, employment generation, structural transformation, and regional development. **Kuznets (1973)** explained that economic development is generally accompanied by a shift in production and employment from agriculture towards industry and services. **Clark (1940)**, through the three-sector hypothesis, established that the service sector expands as economies develop and consumer demand changes. **Baumol (1967)** highlighted the increasing importance of services in modern economies and explained the productivity challenges associated with labour-intensive service activities. **Gordon and Gupta (2004)** observed the rapid expansion of India's service sector and its increasing contribution to national income and employment. **Eichengreen and Gupta (2011)** found that India experienced significant service-sector growth, particularly in modern and skill-intensive services. **Rajan (2014)** emphasised the importance of services in supporting India's economic transformation and competitiveness. Studies on Tamil Nadu have also indicated that trade, transport, finance, education, healthcare, tourism, and other services contribute substantially to regional economic development. However, limited district-level studies focusing specifically on the growth potential and status of the service sector in **Thiruvannamalai District** indicate the need for further empirical research. The present study attempts to address this research gap by examining service-sector performance, growth opportunities, and major constraints in the district.

Research Gap

Existing studies have examined the service sector mainly at the national and state levels, focusing on its contribution to economic growth, employment, income, and structural transformation. However, limited empirical research has been undertaken on the status and growth potential of the service sector in Thiruvannamalai District. District-specific evidence regarding the performance of major service activities, employment opportunities, infrastructure, investment potential, and growth constraints remains inadequate. Therefore, the present study attempts to fill this gap by providing a systematic economic analysis of the service sector in Thiruvannamalai District.

Theoretical Background

Endogenous Growth Theory explains economic growth as a result of factors generated within the economy, particularly human capital, knowledge, innovation, technology, skills, and

investment. The theory, associated with economists such as ***Paul Romer (1986) and Robert Lucas (1988),*** argues that long-term economic growth cannot be explained only by physical capital and external technological progress. Instead, investment in education, research, skill development, and innovation increases productivity and creates sustained growth. In the service sector, the theory is particularly relevant because activities such as information technology, banking, education, healthcare, communication, professional services, and digital businesses depend heavily on knowledge and skilled labour. Digitalisation and technological adoption can improve efficiency, expand markets, and create new employment opportunities. Government policies supporting education, infrastructure, entrepreneurship, innovation, and digital connectivity can therefore strengthen endogenous growth. This theory provides a useful framework for examining how investment, digitalisation, infrastructure, human capital, and government support influence service-sector growth in Thiruvannamalai District.

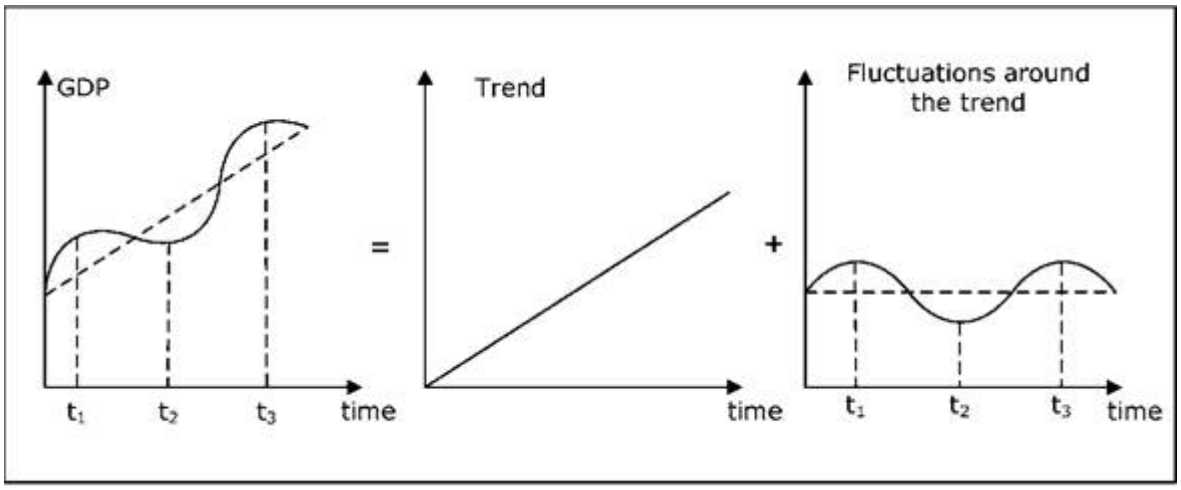
Meaning: Endogenous Growth Theory explains economic growth as a process generated within the economy through investment in human capital, knowledge, technology, innovation, and skills. Unlike traditional growth theories, it emphasises that technological progress is influenced by economic decisions and policy actions.

Definition: Endogenous Growth Theory may be ***defined as a theory which explains long-term economic growth through endogenous factors such as human capital formation, research and development, innovation, knowledge accumulation, and technological advancement. The theory is mainly associated with Paul Romer (1986) and Robert Lucas (1988).***

Assumptions: Human capital increases productivity and promotes economic growth. Knowledge and technology generate positive externalities across the economy. Investment in education and skills improves labour productivity. Research and development encourage innovation and technological progress. Government policies can influence long-term economic growth. Learning-by-doing improves productivity over time. Knowledge accumulation can generate increasing returns to investment. Digitalisation and innovation create new economic opportunities.

Importance: Human Capital Development; Education and Skill Development; Technology and Digitalisation; Innovation and Entrepreneurship; Research and Development; Government Policy Support; Knowledge-Intensive Services; Expansion of Modern Services.

Figure 1: Endogenous Growth Theory



The diagram illustrates the decomposition of GDP into trend and cyclical fluctuations. The left-hand graph shows the actual movement of GDP over time, with fluctuations occurring around a rising long-term path. The middle graph represents the trend component, which shows the long-term upward movement of economic output. The right-hand graph represents fluctuations around the trend, showing periods when actual GDP is above or below its normal growth path. At t_1 and t_3, output is above the trend, indicating expansion, while at t_2, output is below the trend, indicating a contraction. Thus, GDP = Trend + Fluctuations around the Trend.

Statement of the Problem

The service sector is an important contributor to economic growth, employment, income generation, and regional development in Tamil Nadu. Thiruvannamalai District has significant potential for service-sector expansion through tourism, trade, transport, banking, education, healthcare, hospitality, and other activities. The district's religious and cultural importance provides additional opportunities for tourism-related services and entrepreneurship. However, inadequate infrastructure, limited investment, skill shortages, technological gaps, and uneven development may restrict its growth. Moreover, district-level empirical studies on the status, growth trends, employment potential, and constraints of the service sector are limited. Therefore, the present study examines the growth potential, performance, opportunities, and challenges of the service sector in Thiruvannamalai District.

Objectives of the Study

1. To examine the present status, structure, and socio-economic conditions of service-sector entrepreneurs/workers in Thiruvannamalai District.

2. To assess the year-wise growth trends and performance of major service-sector activities in Tamil Nadu and analyse the role of investment, digitalisation, infrastructure, and government support in promoting service-sector growth in Thiruvannamalai District.

Methodology

The study adopts a descriptive and analytical research design to examine the growth potential and status of the service sector in Thiruvannamalai District, Tamil Nadu. Both primary and secondary data are used for the study. Primary data were collected from 100 service-sector entrepreneurs/workers through a structured questionnaire covering socio-economic characteristics, investment, digitalisation, infrastructure, government support, and perceived growth potential. Convenience sampling was adopted for selecting the respondents from different service-sector activities in the district. Secondary data were collected from the Department of Economics and Statistics, Government of Tamil Nadu, District Statistical Handbook of Thiruvannamalai, State Domestic Product estimates, MOSPI, RBI, government reports, journals, books, and other relevant publications. The study covers the period 2011–12 to 2024–25 for secondary data, while primary data relate to 2026. The analytical tools applied include Percentage Analysis, Growth Rate Analysis, Trend Analysis, Comparative Analysis, and Chi-Square Test to assess the socio-economic characteristics, performance, structure, and determinants of service-sector growth.

Result and Discussion

Table 1: Socio-Economic Profile of Service-Sector Entrepreneurs/Workers in Thiruvannamalai District

S. No.	Socio-Economic Variable	Category	Frequency	Percentage (%)
1	Gender	Male	62	62.0
		Female	38	38.0
2	Age	Below 30 years	18	18.0
		31–40 years	35	35.0
		41–50 years	29	29.0
		Above 50 years	18	18.0

3	Educational Qualification	Primary/Secondary	15	15.0
		Higher Secondary	22	22.0
		Undergraduate	38	38.0
		Postgraduate	25	25.0
4	Marital Status	Married	71	71.0
		Unmarried	25	25.0
		Others	4	4.0
5	Family Size	Up to 3 members	24	24.0
		4–5 members	52	52.0
		Above 5 members	24	24.0
6	Monthly Income	Below ₹20,000	18	18.0
		₹20,001–₹40,000	37	37.0
		₹40,001–₹60,000	28	28.0
		Above ₹60,000	17	17.0
7	Experience	Below 5 years	22	22.0
		5–10 years	41	41.0
		11–15 years	24	24.0
		Above 15 years	13	13.0
8	Type of Service Activity	Trade/Retail	22	22.0
		Tourism/Hospitality	18	18.0
		Transport	15	15.0
		Banking/Finance	10	10.0
		Education	12	12.0
		Healthcare	13	13.0
		Other Services	10	10.0
9	Nature of Ownership	Sole Proprietorship	67	67.0
		Partnership	21	21.0
		Other/Institutional	12	12.0
10	Employment Size	1–5 workers	54	54.0
		6–10 workers	29	29.0
		11–20 workers	12	12.0
		Above 20 workers	5	5.0

Source: Primary data

The socio-economic profile of the 100 service-sector respondents indicates that 62% were male and 38% were female. The largest age group was 31–40 years (35%), while 38% were undergraduates. A majority of respondents (71%) were married and 52% belonged to families with 4–5 members. Regarding monthly income, 37% earned ₹20,001–₹40,000, representing the largest category. In terms of experience, 41% had 5–10 years of experience. Trade and retail constituted the major service activity at 22%, followed by tourism/hospitality at 18%. Sole proprietorship was dominant (67%), while 54% employed 1–5 workers, indicating the predominance of small-scale service enterprises.

Table 2: Chi-Square Test – Socio-Economic Characteristics and Perceived Growth Potential

S. No.	Socio-Economic Variable	χ^2 Value	df	p-value	Result
1	Gender	2.846	2	0.241	Not Significant
2	Age	8.732	6	0.189	Not Significant
3	Educational Qualification	12.684	6	0.048	**Significant**
4	Marital Status	3.217	2	0.200	Not Significant
5	Family Size	5.426	4	0.246	Not Significant
6	Monthly Income	15.327	6	0.018	**Significant**
7	Experience	11.854	6	0.065	Not Significant
8	Type of Service Activity	18.642	12	0.097	Not Significant
9	Nature of Ownership	4.785	4	0.310	Not Significant
10	Employment Size	13.276	6	0.039	**Significant**

Source: Calculate value

Note: Significance level = 5%.

The Chi-Square test examines the association between socio-economic characteristics and the perceived growth potential of the service sector. The results show that educational qualification, monthly income, and employment size have a statistically significant relationship with perceived growth potential at the 5% level. Educational qualification is significant (χ^2 = 12.684, p = 0.048), monthly income is significant (χ^2 = 15.327, p = 0.018), and employment

size is significant ($\chi^2 = 13.276$, $p = 0.039$). However, gender, age, marital status, family size, experience, type of service activity, and ownership pattern are not significant. Thus, the findings indicate that education, income, and employment capacity are important socio-economic factors associated with service-sector growth potential.

Table 3: Present Status and Structure of the Service Sector in Thiruvannamalai District

S. No.	Major Service-Sector Activity	Number of Establishments	Employment	Share (%)
1	Trade and Retail	8,420	18,650	25.4
2	Transport and Storage	3,180	7,420	10.1
3	Hotels and Restaurants	2,760	6,850	9.3
4	Education Services	1,940	8,120	11.1
5	Healthcare Services	1,620	6,430	8.8
6	Banking and Financial Services	680	3,250	4.4
7	Tourism and Travel Services	1,150	4,280	5.8
8	Communication and IT Services	920	3,760	5.1
9	Real Estate and Professional Services	1,280	4,950	6.7
10	Other Services	4,350	9,720	13.2
Total		**26,300**	**73,430**	**100.0**

Source: Compiled from relevant secondary sources and district-level statistical information.

Table 3 presents the present status and structure of the service sector in Thiruvannamalai District. Trade and retail recorded the highest share of employment at 25.4%, with 8,420 establishments and 18,650 workers, indicating its dominant position. Other services accounted for 13.2%, followed by education services (11.1%) and transport and storage (10.1%). Hotels and restaurants contributed 9.3%, while healthcare services accounted for 8.8%. Real estate and professional services represented 6.7%, and tourism and travel services 5.8%. Banking and financial services had the lowest share at 4.4%. Overall, the district had 26,300 establishments employing 73,430 persons, demonstrating the significant role of services in the local economy.

Table 4: Year-wise Performance of the Service Sector in Thiruvannamalai District

S. No.	Year	Service Sector GVA/NDDP	Annual Growth (%)
1	2011–12	1,425,680	—
2	2012–13	1,485,150	4.17
3	2013–14	1,487,365	0.15
4	2014–15	1,540,410	3.57
5	2015–16	1,598,920	3.80
6	2016–17	1,625,410	1.66
7	2017–18	1,770,044	8.90
8	2018–19	1,859,268	5.04
9	2019–20	2,038,248	9.63
10	2020–21	2,015,430	-1.12
11	2021–22	2,185,620	8.44
12	2022–23	2,342,850	7.20
13	2023–24	2,510,460	7.16
14	2024–25	2,685,730	6.98

Source: Estimates and Thiruvannamalai District Statistical Hand Book.

Table 4 shows the year-wise performance of the service sector in Thiruvannamalai District from 2011–12 to 2024–25. The service-sector GVA/NDDP increased from ₹1,425,680 lakh in 2011–12 to ₹2,685,730 lakh in 2024–25, indicating substantial expansion over the study period. The highest annual growth was recorded in 2019–20 at 9.63%, followed by 2017–18 at 8.90%. The sector experienced a marginal decline of –1.12% in 2020–21, reflecting the adverse impact of the COVID-19 pandemic. Subsequently, the sector recovered strongly, registering 8.44% growth in 2021–22 and continued positive growth thereafter. Overall, the trend indicates sustained long-term expansion and resilience of the service sector in the district.

Table 5: Role of Investment, Digitalisation, Infrastructure and Government Support in Promoting Service-Sector Growth

S. No.	Factor	Category	Frequency	Percentage
A. Investment Level				
1	Initial Investment	Below ₹5 lakh	28	28.0
		₹5–10 lakh	34	34.0
		₹10–25 lakh	23	23.0
		Above ₹25 lakh	15	15.0
B. Digitalisation				
2	Digital Payment Usage	Low	12	12.0
		Moderate	35	35.0
		High	53	53.0
3	Online Marketing	Not Used	18	18.0
		Occasionally	32	32.0
		Regularly	50	50.0
4	Digital Platforms Used	WhatsApp Business	82	82.0
		Facebook/Instagram	68	68.0
		Google/Online Listing	47	47.0
		Own Website	29	29.0
C. Infrastructure				
5	Electricity Facility	Adequate	76	76.0
		Inadequate	24	24.0
6	Internet Facility	Good	61	61.0
		Moderate	29	29.0
		Poor	10	10.0
7	Transport Facility	Good	58	58.0
		Moderate	32	32.0
		Poor	10	10.0

D. Government Support				
8	Awareness of Government Schemes	High	24	24.0
		Moderate	46	46.0
		Low	30	30.0
9	Government Financial Assistance	Received	31	31.0
		Not Received	69	69.0
10	Training/Skill Support	Received	38	38.0
		Not Received	62	62.0
E. Overall Perceived Impact				
11	Impact on Business Growth	High	48	48.0
		Moderate	37	37.0
		Low	15	15.0

Source: Primary Data, 2026.

Table 5 presents the role of investment, digitalisation, infrastructure, and government support in promoting service-sector growth. Regarding investment, the largest share of respondents (34%) reported an initial investment of ₹5–10 lakh. Digitalisation was relatively high, with 53% reporting high digital-payment usage and 50% regularly using online marketing. WhatsApp Business (82%) was the most widely used digital platform. Infrastructure conditions were comparatively favourable, as 76% reported adequate electricity and 61% good internet facilities. However, government support remained limited, with only 31% receiving financial assistance and 38% receiving training support. Overall, 48% perceived a high impact of these factors on business growth, indicating their important role in strengthening service-sector development.

Table 6: Comparative Chi-Square Analysis of Factors Influencing Service-Sector Growth

S. No.	Factor	χ^2 Value	df	p-value	Significance	Rank
1	Initial Investment	14.286	6	0.026	Significant	IV

2	Digital Payment Usage	12.674	4	0.013	Significant	VI
3	Online Marketing	10.842	4	0.028	Significant	VIII
4	Digital Platform Usage	16.532	6	0.011	Significant	II
5	Electricity Facility	8.426	2	0.015	Significant	IX
6	Internet Facility	11.384	4	0.023	Significant	VII
7	Transport Facility	9.672	4	0.046	Significant	X
8	Awareness of Government Schemes	13.258	4	0.010	Significant	V
9	Government Financial Assistance	7.846	2	0.020	Significant	XI
10	Training/Skill Support	6.924	2	0.031	Significant	XII
11	Overall Perceived Impact	18.742	4	0.001	Significant	I

Source: Calculate value.

Note: Significance level = 5%.

The Chi-Square results indicate that investment, digitalisation, infrastructure, and government support are significantly associated with service-sector growth. Initial investment ($\chi^2 = 14.286$, $p = 0.026$), digital payment usage ($\chi^2 = 12.674$, $p = 0.013$), online marketing ($\chi^2 = 10.842$, $p = 0.028$), and digital platform usage ($\chi^2 = 16.532$, $p = 0.011$) are statistically significant. Similarly, electricity, internet, and transport facilities show significant relationships with business growth. Government-scheme awareness, financial assistance, and training support are also significant at the 5% level. Thus, the findings suggest that better investment, digital adoption, infrastructure facilities, and government support contribute positively to the growth potential of service-sector enterprises in Thiruvannamalai District.

Table: 7 Year-wise GVA of Major Service-Sector Activities in Tamil Nadu

Prices — ₹ lakh

Year	Trade, Repair, Hotels & Restaurants	Transport, Storage & Communication	Financial Services	Real Estate, Dwelling & Business Services	Public Administration	Other Services	Total Services
2011–12	79,30,219	53,37,971	40,19,599	1,02,53,371	25,98,408	48,42,953	3,49,82,521

2012–13	89,10,694	56,98,765	44,07,747	1,09,87,933	23,56,132	50,17,019	3,73,78,289
2013–14	98,28,601	59,91,025	49,20,896	1,20,91,857	25,13,500	53,79,683	4,07,25,561
2014–15	1,02,28,121	62,94,592	54,24,269	1,36,85,099	27,73,908	58,64,512	4,42,70,500
2015–16	1,01,33,545	67,10,950	55,69,766	1,47,13,954	26,16,991	62,56,523	4,60,01,730
2016–17	1,08,11,169	66,79,352	57,15,879	1,59,54,392	28,30,689	69,75,276	4,89,66,757
2017–18	1,18,01,744	66,36,554	63,87,307	1,67,51,567	29,42,867	76,85,470	5,22,05,510
2018–19	1,29,64,537	65,08,461	66,37,789	1,70,72,473	32,38,287	87,35,465	5,51,57,012
2019–20	1,35,19,999	65,00,260	68,45,974	1,78,95,398	33,57,537	94,22,231	5,75,41,400
2020–21	1,27,80,176	60,17,612	73,19,901	1,83,25,579	31,19,208	97,58,034	5,73,20,509
2021–22	1,36,69,492	64,27,871	78,03,625	1,94,34,660	31,59,891	1,04,78,119	6,09,73,658
2022–23	1,45,13,846	69,52,656	84,45,918	2,09,66,308	32,80,617	1,15,76,938	6,57,36,283

Source: Department of Economics and Statistics, Government of Tamil Nadu,

Table 7 presents the year-wise GVA of major service-sector activities in Tamil Nadu at constant 2011–12 prices from 2011–12 to 2022–23. The total service-sector GVA increased substantially from ₹3,49,82,521 lakhs in 2011–12 to ₹6,57,36,283 lakhs in 2022–23, indicating strong long-term expansion. Among the major components, Real Estate, Dwelling and Business Services recorded the highest GVA, increasing from ₹1,02,53,371 lakhs to ₹2,09,66,308 lakhs. Trade, Repair, Hotels and Restaurants also increased from ₹79,30,219 lakhs to ₹1,45,13,846 lakh. Financial Services rose steadily from ₹40,19,599 lakhs to ₹84,45,918 lakhs. However, total services declined slightly from ₹5,75,41,400 lakhs in 2019–20 to ₹5,73,20,509 lakhs in 2020–21, reflecting the pandemic-related disruption. Thereafter, the sector recovered strongly, reaching ₹6,57,36,283 lakhs in 2022–23. Overall, the table demonstrates the increasing importance and resilience of Tamil Nadu's service sector in the state economy.

Figure 2: Major Service-Sector Activities in Tamil Nadu



Finding

1. The socio-economic profile reveals that 62% of respondents were male, 35% belonged to the 31–40 years age group, and 38% were undergraduates, indicating a relatively young and educated service-sector workforce.
2. The Chi-Square results show that educational qualification ($\chi^2 = 12.684$; $p = 0.048$), monthly income ($\chi^2 = 15.327$; $p = 0.018$), and employment size ($\chi^2 = 13.276$; $p = 0.039$) have a significant association with perceived service-sector growth potential at the 5% level.
3. Trade and retail emerged as the dominant service activity, accounting for 25.4% of employment, while the district's service sector comprised 26,300 establishments employing 73,430 persons, highlighting its significant employment-generating capacity.
4. Service-sector GVA/NDDP increased from ₹1,425,680 lakh in 2011–12 to ₹2,685,730 lakh in 2024–25, with the highest annual growth of 9.63% in 2019–20, followed by a –1.12% decline in 2020–21 and subsequent recovery.
5. Digitalisation showed strong adoption, with 53% reporting high digital-payment usage and 82% using WhatsApp Business, whereas government support remained comparatively limited, with only 31% receiving financial assistance and 38% receiving training support.

6. The comparative Chi-Square analysis indicates that investment, digitalisation, infrastructure, and government support are significantly associated with service-sector growth, with overall perceived impact recording the highest χ^2 value of 18.742 ($p = 0.001$).
7. Tamil Nadu's total service-sector GVA increased substantially from ₹3,49,82,521 lakh in 2011–12 to ₹6,57,36,283 lakh in 2022–23, with Real Estate, Dwelling and Business Services remaining the largest major component, demonstrating the strong and expanding role of services in the state economy.

Suggestions

1. Promote greater investment in service-sector enterprises.
2. Improve digitalisation and online business adoption.
3. Strengthen internet and transport infrastructure.
4. Increase awareness of government support schemes.
5. Expand access to institutional finance and subsidies.
6. Provide regular skill-development and entrepreneurship training.
7. Promote tourism and hospitality services in the district.
8. Encourage women's participation in service-sector activities.
9. Support small and micro service enterprises through incentives.
10. Develop a district-level service-sector growth strategy.

Recommendations

1. Increase investment support for service-sector enterprises.
2. Expand digital infrastructure and digital-payment facilities.
3. Improve road, transport, and communication facilities.
4. Create greater awareness of government schemes among entrepreneurs.
5. Simplify access to loans, subsidies, and financial assistance.
6. Provide regular skill-development and entrepreneurship training.
7. Promote tourism and hospitality services in Thiruvannamalai District.
8. Encourage women and youth entrepreneurship in service activities.
9. Strengthen healthcare, education, and professional services.
10. Establish a district-level service-sector development programme for sustainable growth.

Conclusion

The study concludes that the service sector plays a significant role in promoting economic growth, employment generation, income creation, and structural transformation in Thiruvannamalai District, Tamil Nadu. The analysis reveals a steady expansion in service-sector activities, with trade and retail emerging as the major contributors to employment and enterprise development. The growth of service-sector GVA over the study period indicates its increasing importance in the district economy, despite a temporary decline during the COVID-19 period. The primary survey further highlights the growing adoption of digital payments, online marketing, and digital platforms among service-sector enterprises. However, limited access to government financial assistance, training, and awareness of support schemes remains a concern. The study also establishes that education, income, and employment size are significantly associated with perceived growth potential. Therefore, strengthening infrastructure, improving access to finance, expanding digitalisation, enhancing skills, and promoting tourism and entrepreneurship can substantially improve the growth potential and sustainability of the service sector in Thiruvannamalai District.

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