SECTION 9: AYUSH RELATED FOREIGN TRADE

AYUSH medicaments, medicinal plants and their by-products constitute an important part of the Indian Foreign Trade. This section on AYUSH related foreign trade provides a brief overview of India’s foreign trade in respect of these AYUSH related products. A continuous growing Net Value Addition as related to AYUSH Products has been observed during last five years that signify the continuous increasing interest in AYUSH system of medicines outside the boundary of the territory.

Prior to 2003-04, for the purpose of foreign trade, AYUSH medicants and medicaments were categorized in two heads i.e., “AYURVEDIC & UNANI MEDICINES” and “HOMOEOPATHIC MEDICINE” only. However, 2003-04 onwards, medicants and medicaments of Ayurveda, Unani, Siddha, Homoeopathic and Bio-chemic systems have been differentiated and the import-export data related to foreign trade in respect of all these items is being recorded separately.

Definitions of Terminology used in the chapter:

Export: To send goods to a foreign country or overseas territory is known as Export.

Import: To bring merchandise into a country from another country or overseas territory is known as Import.

Trade: Trade is a commercial connection between two or more individual markets. In other words, the exchange of goods, funds, services or information with value to the parties involved is known as Trade. This value is either previously agreed or established during business.

According to P&O Nedlloyd, A trade is a liner service (e.g. NEFES) or a cargo flow between two individual markets (e.g. North Atlantic Trade)

Total Trade: Trade is the addition of a country's exports and imports.
Total Trade = Export + Import.

Balance of Trade: Balance of Trade is the balance between a country's exports and imports.
Balance of Trade = Export - Import.

Net Value Addition: Net value added is the value of output less the values of both intermediate consumption and consumption of fixed capital.

In national accounts, gross value added is obtained by deducting intermediate consumption from gross output. Thus gross value added is equal to net output. Net value added is obtained by deducting consumption of fixed capital (or depreciation charges) from gross value added. Net value added therefore equals gross wages, pre-tax profits net of depreciation, and indirect taxes less subsidies.
During the last four Plan periods, Total Trade of AYUSH related items had increased from Rs. 580.98 crore in 1995-96 to Rs. 2540.79 crore in 2009-10 showing a growth rate of 13.08% per annum.

During the 11th five year plan, export of AYUSH products has increased from 2275.64 Crores in 2007-08 to 2887.01 Crores in 2009-10, showing an average annual growth rate of 12.63% whereas on an average, the import of AYUSH products has increased by 14.99% annually, from 261.82 Crores in 2007-07 to 346.22 Crores in 2009-10. Thus, during this plan the total trade of AYUSH products has increased substantially from 2537.46 Crores in 2007-08 to 3233.24 Crores in 2009-10, showing the average annual growth rate of 12.88%, as compared to 5.63% average annual growth rate in total trade during 10th five year plan.

Since 2003-04, a continuous growing trend has been observed in India’s foreign trade with respect to AYUSH related items in respect of export, import and Net value addition upto 2008-09. During 2009-10, slight decreasing trend has been observed in respect of export, import and Total Trade of AYUSH related Items. The reason behind this declining trend may be that 2009 was not a normal year from economic point of view and even all India total trade was experiencing the same declining trend.

During 2009-10, percentage share of AYUSH products in the total trade of India was 0.15%. Similarly, AYUSH products shared 0.34% of Export and 0.03% of Import of India. All India Balance of Trade have always been negative since the ninth plan period 1996-97, while AYUSH related products always shown a positive balance of Trade, indicating that AYUSH products are having significant role in foreign trade of the country.