

Ayurveda and the Economy: Exploring their Interconnected Growth Paths in India


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Ayurveda is an ancient system of medicine in India. It. The Ayurvedic industry makes significant contributions to multiple sectors, including healthcare, pharmaceuticals, agriculture, tourism, exports, and employment and thus plays a crucial role in the country's economic landscape. The rapid growth of the global wellness market, increased government support, and consumer preference for natural remedies have further strengthened the economic relevance of Ayurveda. This paper explores the various ways Ayurveda interlinks with the economy, analyzing its impact on GDP, trade, rural livelihoods, and sustainable development.

Keywords: Ayurveda, natural remedies, sustainable development, sustainable agriculture, wellness tourism

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Introduction

Ayurveda is a 5,000-year-old holistic medical system. It has evolved from being a traditional practice to a multi-billion-dollar industry. The Indian Ayurveda market is valued at approximately \$10 billion (INR 80,000 crore) as of 2023 and an expected CAGR of 15-20% in the coming years. In the present days this sector is experiencing rapid expansion due to rising health awareness, growing demand for herbal products, and increased investment in research and development. This paper examines the intersections between Ayurveda and the Economy, assessing its contributions to healthcare, employment, agriculture, exports, and tourism. The IMARC Group has also projected the market size to reach INR 875.9 billion in 2024, growing at a CAGR of 16.17% between 2025 and 2033. This strong market performance is fueled by: (i) Increased public awareness of preventive healthcare; (ii) Rising consumer preference for natural and herbal products; (iii) Government initiatives through the Ministry of AYUSH; (iv) Growing private investment in *Ayurveda*-based startups and health tech. According to a study by Ayurveda tech startup NirogStreet, India's Ayurveda product market is projected to reach INR 1.2 lakh crore (approximately USD 16.27 billion) by FY28, from around INR 57,450 crore (USD 7 billion) at present at a compound annual growth rate (CAGR) of 15% from FY23 to FY28, with the product sector growing at a CAGR of 16% and the service sector at 12.4%.^[1] A report by IMARC Group estimates that during 2025–2033 the Indian Ayurvedic products market reached INR 875.9 billion in 2024 and is expected to grow at a CAGR of 16.17%.^[2] These figures suggest significant growth in Ayurveda market in India. This growth of Ayurveda market is basically driven by increasing consumer demand for natural and herbal remedies, government support.

This article explores multifaceted relationship between Ayurveda & Indian economy, focusing on how public policy, market demand, & innovation have created new growth pathways. We examine government initiatives such as Ministry of AYUSH, efforts to standardize and globalize *Ayurvedic* products, & integration of traditional medicine into mainstream healthcare systems. Additionally, we analyze how Ayurveda supports local economies through employment generation, value-added agricultural supply chains, & small & medium enterprises.

By tracing the development of *Ayurveda* as both a cultural asset and an economic force, this study highlights the strategic importance of aligning traditional knowledge systems with sustainable development goals.

In doing so, it invites policymakers, scholars, and industry stakeholders to consider *Ayurveda* not only as a tool for public health, but also as a catalyst for inclusive and resilient economic growth.

Objective of the Study

For a comprehensive understanding of how Ayurveda can serve as both a cultural heritage and a dynamic economic asset in India the present study had set the following objectives:

1. To analyze the economic contribution of *Ayurveda* in India through assessing the current market size, employment generation, and GDP contribution of the Ayurveda sector including products, services, and tourism.
2. To evaluate the role of government initiatives such as National AYUSH Mission, the establishment of the Ministry of AYUSH, in promoting Ayurveda as an economic driver.
3. To explore the interlinkages between *Ayurveda* and other economic sectors by investigating Ayurveda's integration with wellness tourism, pharmaceuticals, and education, and how these collaborations drive economic synergy.
4. To identify challenges and opportunities for enhancing *Ayurveda's* economic role by addressing regulatory, quality, and awareness issues that limit the sector's growth, and highlight opportunities for innovation.
5. To provide policy recommendations for sustainable and inclusive growth of Ayurveda within the Indian economy.

Ayurveda's Economic Footprint in Modern India

The world's oldest holistic healing system, Ayurveda, has its foundations in the rich and ancient heritage of the Vedic tradition, especially in texts like the Rigveda and Atharvaveda. Later it was developed in classical Sanskrit texts like the *Charaka Samhita*, *Sushruta Samhita*, and *Ashtanga Hridaya*.

It is considered an indigenous Indian knowledge system, developed by sages (rishis), who observed natural laws and human physiology. *Ayurveda* began its journey from the north of India. Gradually it spread throughout the subcontinent. In ancient India, it was preserved and taught in *Gurukulas*, the traditional schools, and supported by the kings and scholars. Over centuries, it was integrated into local healing practices and regional traditions, making it a pan-Indian system of health and wellness. Nowadays, *Ayurveda* has emerged as a significant contributor to India's modern economy. Over the past two decades, interest in natural and preventive healthcare has been revived both domestically and internationally and it has transformed *Ayurveda* from a cultural heritage into a dynamic sector with significant economic potential. The influence of *Ayurveda* spans multiple industries--from *Ayurvedic* pharmaceuticals and personal care products to wellness tourism, organic farming, and educational institutions, and contributes to both rural and urban economic ecosystems. *Ayurveda's* ability to generate employment, rural development drive, support agricultural supply chains, and promote exports and tourism made it more significant in Indian Economy.

India's Ayurveda Market Trends

India's Ayurveda market has experienced a dynamic evolution, transitioning from ancient practices to a modern wellness industry. This transformation reflects broader shifts in consumer preferences, and global health trends. Though, during the mid-20th century, Western medicine's dominance led to a decline in *Ayurveda's* prominence, the establishment of the Central Council of Indian Medicine (CCIM) in 1971 laid the groundwork for its resurgence by standardizing Ayurvedic education and practice.

Government policies such as, the formation of the Ministry of AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha, and Homeopathy) in 2014, Standardization of practices via the AYUSH Grid, National AYUSH Mission (NAM) for infrastructure development, Integration of Ayurveda into primary healthcare systems and insurance schemes, have played a crucial role in mainstreaming Ayurveda. These initiatives not only promote public health but also reduce the burden on conventional healthcare infrastructure, resulting in broader economic savings.

According to Euromonitor and VogueBusiness, the early 2000s witnessed a growing consumer inclination towards natural and holistic health solutions which acted as a revival of Ayurveda. Companies like Forest Essentials and Kama Ayurveda emerged, offering premium Ayurvedic products that combined traditional formulations with modern aesthetics and branding. Government initiatives further reinforce this growth--the establishment of the Ministry of AYUSH in 2014 underscored the government's commitment to promoting indigenous healthcare systems, including Ayurveda.

Report by Grand View Research and IBEF, India's Ayurveda market has expanded beyond domestic borders. In 2021–2023, the country exported AYUSH and herbal products worth approximately USD 1.2 billion, reflecting a steady growth trajectory. This international demand underscores Ayurveda's global appeal as a natural wellness alternative. Report by IBEF and Vogue Business reported that the AYUSH industry, encompassing Ayurveda, yoga, and other traditional systems, was valued at over USD 50 billion by 2024.

Projections indicate it could reach USD 70 billion by 2025, driven by increasing consumer interest and government support. According to Hindustan Pioneer, modern consumers, particularly millennials and Gen Z, are increasingly drawn to Ayurvedic products due to their natural ingredients and alignment with sustainable lifestyles. Brands have responded by innovating in product formulations, packaging, and marketing to appeal to these demographics.

The Indian government has implemented various measures to promote Ayurveda. to standardize practices, ensure quality control, and integrate Ayurveda into mainstream healthcare Govt. of India set up research centers, establishing AYUSH dispensaries, and supporting educational programs.

Increasing consumer demand for natural wellness solutions, supportive government policies, and expanding global interest make the Ayurveda market in India self-contained. However, challenges such as standardization and quality assurance remain, necessitating ongoing efforts from both industry stakeholders and regulatory bodies. The following figures are showing the promising trend of Ayurveda Market of India.



Figure 1



Figure 2

Source: www.researchhandmarkets.com/ Source: International Market Analysis Research And Consulting Group

Market Value of Ayurveda Industry in India

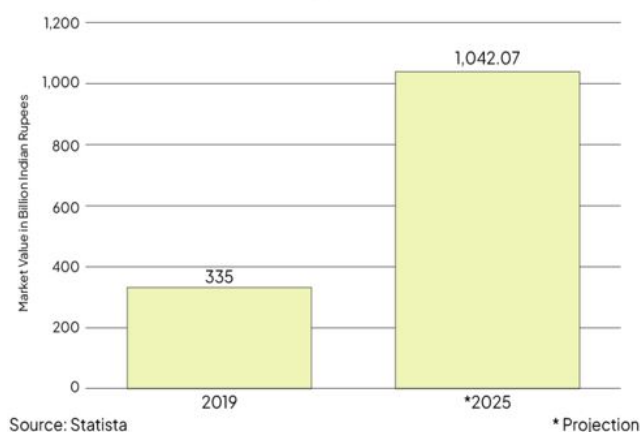


Figure 3

India Herbal Products Market Size, 2024-2032

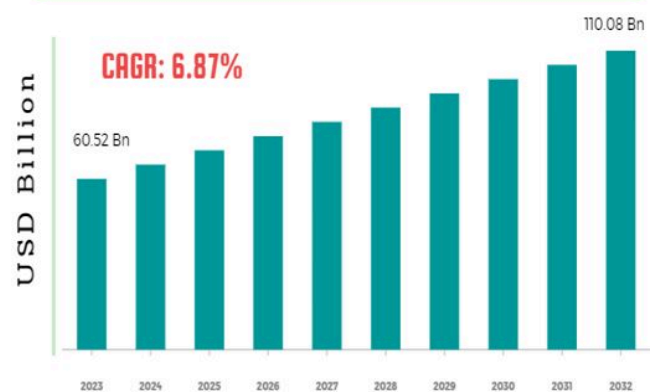


Figure 4

Source: Statista Source: www.fnfresearch.com

India herbal medicine market size, 2018-2030 (US\$M)

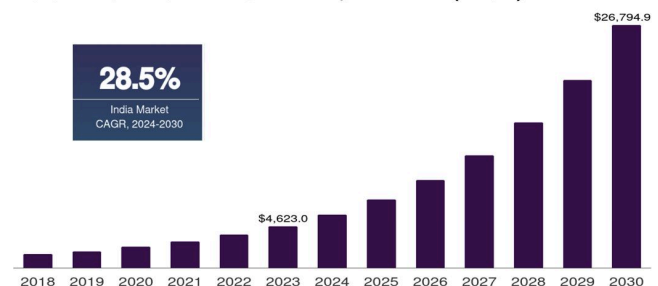


Figure 5

Source: www.grandviewresearch.com

According to the Directorate General of Commercial Intelligence and Statistics (DGCI&S), India's exports of Ayurvedic and herbal products have increased from USD 479.6 million (3,967.4 crores INR) in FY21 to USD 606.2 million (5,014.3 crores INR) in FY23. On the other hand, the import of Ayurvedic and herbal products in India has also increased USD 71.4 million (590.7 crores INR) in FY21 to USD 91.1 million (753.8 crores INR) in FY23, with a compound annual growth rate of 13 %. As a result, India's trade surplus in Ayurvedic and herbal products increased from 408.2 million (3,376.7 crore INR in FY21 to USD 515.1 million (4,260.5 crore INR) in FY23. The market growth stage is high, and the pace of its growth is accelerating with the help of AI and Machine Learning. Nowadays, the companies are offering personalized Ayurvedic treatments based on an individual's dosha (constitution) and health condition. For instance, AYUFY Ayurveda, an Indian Ayurvedic startup focusing on women's health and infertility under the parent company Medistacks Healthcare Ltd., launched its mobile app in February 2024 to address women's gynecological issues in India with the help of Ayurveda.

In addition, the companies in this market are using innovative and attractive packaging techniques to increase the shelf life, portability, and convenience of Ayurvedic products.

Federation of Indian Chambers of Commerce & Industry (FICCI) and Ernst & Young (EY) released a report stating that the AYUSH sector, including Ayurveda, is a fast-growing industry. The Indian AYUSH sector (Ayurveda, Yoga, Unani, Siddha, and Homeopathy) was valued at around \$18 billion in 2022, with Ayurveda forming a significant portion of this market and is projected to reach \$24 billion by 2025. The Ayurveda industry in India is valued at around \$10 billion (INR 80,000 crore) as of 2023 and is expected to grow at a CAGR of 15-20%. [3]

Multifaceted Economic Contributions of Ayurveda in Indian Economy

Ayurveda, once confined to traditional healing practices basically in rural communities, has emerged as a significant contributor to India's modern economy. Its integration into wellness, healthcare, cosmetics, and tourism has transformed it into a thriving dynamic industry, blending ancient knowledge with contemporary demand.

1. Ayurveda in the Healthcare & Pharmaceutical Sector

The Ayurvedic pharmaceutical industry is a major contributor to India's healthcare sector, producing herbal medicines, dietary supplements, and personal care products. Leading companies like Patanjali, Dabur, Himalaya, Baidyanath, and Zandu dominate the market, contributing to India's GDP. National AYUSH Mission (NAM) is integrating Ayurveda into mainstream healthcare. Ayushman Bharat initiative of central government is encouraging Ayurvedic treatments within India's universal healthcare system. PLI (Production Linked Incentive) Scheme for Herbal Medicine – Boosting Ayurvedic pharmaceutical production.

2. Ayurveda and Sustainable Agriculture

The economic impact of Ayurveda extends deep into **agriculture**, especially in the cultivation of medicinal and aromatic plants such as ashwagandha, tulsi, neem, giloy, and turmeric as Ayurveda depends on these medicinal plants. It is also supporting organic farming and biodiversity conservation.

The National Medicinal Plants Board (NMPB) promotes cultivation of Ayurvedic herbs, benefiting farmers and reducing dependence on chemical-intensive farming. The rise in Ayurvedic herbal farming has increased farmer incomes and encouraged eco-friendly agricultural practices. This has also led to the growth in contract farming and backward integration models involving Ayurvedic companies and rural cultivators and has stimulated the development of **value-added agricultural supply chains**, linking rural farmers to national and global market.

3. Ayurveda's Role in Employment Generation

Ayurveda-based industries provide direct and indirect employment in sectors like manufacturing, research, healthcare, agriculture, and wellness tourism. More than 1.5 million people are employed in the AYUSH sector in India. Ayurveda has created entrepreneurial opportunities through startups, Ayurvedic spas, organic farming, and herbal medicine production.

The *Ayurveda* sector contributes significantly to employment, especially in rural and semi-urban areas. From manufacturing units for herbal products and medicines to wellness centers, spas, and Panchakarma clinics, the industry supports a wide range of job profiles. These include: *Ayurvedic* doctors (Vaidyas), Therapists, Cultivators and suppliers of medicinal plants, Workers in herbal product manufacturing units, Retail and logistics personnel. Ayurveda has also empowered Micro, Small, and Medium Enterprises (MSMEs). Many local entrepreneurs and self-help groups (especially women) are involved in the small-scale production and sale of Ayurvedic personal care products, oils, supplements, and cosmetics.

4. Ayurveda and Wellness Tourism

Ayurveda has become a key driver of medical and wellness tourism, attracting foreign patients and wellness seekers. India has emerged as a hub for **wellness tourism**, where *Ayurveda* is a major attraction. Tourists from around the world visit *Ayurveda* retreats in Kerala, Uttarakhand, Goa, and Karnataka which are some popular destinations for Ayurvedic therapies, Panchakarma treatments, and wellness retreats. This trend further contributes to growth in the hospitality and tourism sectors, employment in wellness resorts and allied services, and foreign exchange earnings.

India's wellness tourism sector was valued at \$15 billion in 2022, with Ayurveda contributing a significant share. Initiatives such as **"Heal in India"** and collaborations with travel platforms have positioned India as a global wellness destination. The rising consumer preference for natural and holistic healthcare, growing awareness about preventive healthcare, expanding online and offline distribution channels, surging investments in *Ayurvedic* research and development (R&D), and the integration of Ayurveda with modern wellness trends and increasing government support for Ayurveda, are expanding the India *Ayurvedic* wellness market share.

5. Ayurveda's Impact on Exports & Global Trade

India is a leading exporter of *Ayurvedic* medicines, herbal supplements, and organic wellness products. According to the Export Promotion Council for Ayurvedic and Herbal Products, exports have been rising steadily, with government schemes aiding standardization and global certification. The country's *Ayurvedic* exports exceeded \$500 million in 2022, with major markets in USA, Europe, Middle East, and Southeast Asia. Government initiatives like the AYUSH Export Promotion Council are driving international trade in *Ayurvedic* products

6. Education, Research, and Innovation

Presently over 500 *Ayurvedic* colleges and institutions are running that offer undergraduate, postgraduate, and doctoral programs. These growing academic institutions supports skill development and knowledge transmission, research in herbal pharmacology and integrative medicine, innovations through Ayurveda-focused startups and incubators. clinical validation is advancing and new product development becomes feasible for the institutions like the All-India Institute of Ayurveda (AIIA) and partnerships with research bodies like CSIR and ICMR.

Sustainability Dimension of Ayurveda

Ayurveda is based on the principles of holistic health, environmental harmony, and natural resource conservation which line up *Ayurveda* closely with sustainable development goals. It contributes to sustainability through healthcare, agriculture, biodiversity conservation, economic growth, and eco-friendly practices.

Ayurveda emphasizes preventive healthcare through diet, lifestyle, and natural remedies, and reduces dependency on chemical-based medicines and thus promotes sustainable healthcare. It encourages self-healing practices like Yoga and meditation. Its preventive policy leads to lower healthcare costs. Ayurveda prevents chronic diseases like diabetes, hypertension, and obesity through natural treatments and thus reduces the burden on public health systems. The AYUSH Ministry's initiatives, such as the National AYUSH Mission (NAM) that integrate Ayurveda into India's primary healthcare system is a big step towards sustainability.

Ayurveda promotes sustainable agriculture by reducing reliance on chemical fertilizers and pesticides. It promotes organic farming and growing of medicinal plants. It encourages multi-cropping and agroforestry which on one hand maintains soil health, and on the other helps farmers to diversify their income. The National Medicinal Plants Board (NMPB) supports farmers in cultivating *Ayurvedic* herbs, improving their economic conditions. Growing demand for organic *Ayurvedic* products boosts sustainable agriculture and biodiversity conservation. *Ayurveda*-based industries herbal medicine, cosmetics, wellness centers are boosting India's Green Economy & Rural Development simultaneously especially in rural areas. Ayurveda-based tourism, including wellness retreats and Panchakarma centers, are creating employment opportunities, and thus boosting local economies. The *Ayurvedic* market in India is growing at 15-20% CAGR, contributing significantly to India's GDP. The rise of startups in *Ayurveda* such as Patanjali, Baidyanath, Kapiva, etc. promotes entrepreneurship and innovation.

Ayurveda Supports Environmental Conservation. As *Ayurveda* uses biodegradable, plant-based medicines, it reduces the pollution caused by synthetic drugs. Herbal medicines have minimal environmental impact as they come from renewable resources. *Ayurvedic* packaging is shifting towards eco-friendly materials, reducing plastic waste. Traditional *Ayurvedic* practices encourage water conservation, tree plantation, and soil preservation, reducing climate change effects. *Ayurveda* promotes wellness tourism, which is eco-friendly and boosts local economies. Popular *Ayurvedic* destinations like Kerala, Uttarakhand, Goa, and Karnataka attract international tourists, contributing to foreign exchange earnings.

Many Ayurvedic resorts use solar energy, rainwater harvesting, and organic farming, making them models of sustainable infrastructure.

Ayurveda is encouraging ethical & sustainable Business Practices. The *Ayurveda* industry promotes fair trade practices, ensuring ethical sourcing of herbs and fair wages for farmers. The global demand for *Ayurveda*-based vegan, cruelty-free, and chemical-free products aligns with sustainable consumption patterns. Companies are investing in R&D for sustainable product formulations, ensuring long-term economic and environmental benefits.

Conclusion

Ayurveda plays a crucial role in India's economic growth by boosting healthcare, employment, agriculture, exports, and tourism. With government support and rising global demand, *Ayurveda* is set to become a major economic driver in the coming years. *Ayurveda* plays a vital role in India's sustainable development by promoting eco-friendly healthcare, organic agriculture, rural employment, and environmental conservation. With strong government policies, industry innovations, and global acceptance, *Ayurveda* has the potential to make India a leader in sustainable health and wellness.

The Ministry of AYUSH was established to promote *Ayurveda* globally. Government schemes like AYUSH Export Promotion Council and PLI (Production Linked Incentive) Scheme have encouraged *Ayurvedic* businesses. The budget allocation for AYUSH has increased significantly, supporting research and international collaborations.

Ayurveda's integration into India's economy reflects a harmonious blend of tradition and modernity. With continued government support, infrastructural development, and global market expansion, *Ayurveda* is poised to become a cornerstone of India's healthcare and wellness sectors, contributing significantly to its economic growth.

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