



LEGALISING CANNABIS IN INDIA: AN ECONOMIC AND LEGAL PERSPECTIVE

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❖ ABSTRACT

The paper *commences* with introduction to cannabis with explaining what cannabis is and deals with some *technical definitions* surrounding it and *history* of marijuana consumption is *explained*.

As we proceed, *different reports, researches and statistics* are carefully scrutinized and reviewed. These form the basis of *conclusions and suggestions* of this paper. The paper also explains why legalization of recreational marijuana will contribute significantly towards *India's economy* and tries to give a perspective with respect to the *possible challenges* that the country might face during its implementation.

It further gives an insight into the *Canada's Cannabis act, 2018* and examines *its stringent rules and regulations* with respect to *Production, Sale, distribution and consumption* of recreational marijuana and the paper also tries to explain how these laws could be implemented in India too, with suitable amendments. Last but not the least, the paper concludes with a set of *conclusion and suggestions*.

❖ INTRODUCTION

➤ 2.1 WHAT IS CANNABIS

SATIVA?

Cannabis sativa, otherwise called hemp, is a type of the *Cannabinaceae* group of plants. Cannabis contains the chemical compound **THC (delta-9 tetrahydrocannabinol)**, which is accepted to be answerable for the vast majority of the trademark psychoactive impacts of cannabis that leads to the "high" that is experienced when cannabis is devoured. Nonetheless, not all segments of cannabis are psychoactive. *Deyo RA, Musty RE (2003)*

- ✓ The *dried leaves and blossoms (buds)* of the cannabis plant are known as *weed*, which can be *smoked* (through a pipe or bong, hand-folded into a joint) or devoured in an *edible form* (treats, brownies, chewy candies)
- ✓ The *residues discharge* of the plant is known as *hashish*, which can be smoked or eaten.

➤ 2.2 WHAT ARE CANNABINOIDS?

Cannabinoids are *chemicals* related to (THC) delta-9-tetrahydrocannabinol. It is considered as marijuana's *main mind-altering ingredient* that makes people "high."



A *single marijuana plant* contains more than 100 cannabinoids. Scientists as well as illegal manufacturers have produced many cannabinoids in the lab.

Some of these cannabinoids are *extremely powerful* and have led to serious health effects when misused.

➤ **2.3 WHAT ARE THE EFFECTS OF RECREATIONAL CANNABIS?**

The *effects experienced* by cannabis (marijuana) user are *variable* and will depend upon the dose, method of administration, prior experience, any concurrent drug use, personal expectations, mood state and the social environment in which the drug is used.

Effects of recreational cannabis (marijuana) include:

1. *an altered state of consciousness*. The user may feel "high", very happy, euphoric, relaxed, sociable and uninhibited.
2. The user may feel *more sensitive* to things around them, and may also experience a more vivid sense of taste, sight, smell and hearing.
3. *increased* pulse and heart rate, bloodshot eyes, dilated pupils, and often increased appetite.

4. *Impaired coordination* and *concentration*, making activities such as driving a car or operating machinery difficult and dangerous.

5. negative experiences, such as *anxiousness*, panic, self-consciousness and *paranoid thoughts*. *Chaturvedi GN, Tiwari SK, Rai NP (1981)*

➤ **2.4 MEDICAL USE OF CANNABIS**

The term *medical marijuana* refers to using the whole, unprocessed marijuana plant or its basic extracts to treat symptoms of illness and other conditions. The U.S. Food and Drug Administration (FDA) *has not recognized* or approved the marijuana plant as medicine. *However, scientific study of the chemicals in marijuana, called cannabinoids, has led to two FDA-approved medications that contain cannabinoid chemicals in pill form.*

Since, the marijuana plant contains chemicals that may help treat a range of illnesses and symptoms, many people argue that *it should be legal* for medical purposes. In fact, a growing number of states in the *USA have legalized marijuana for medical use.*

The FDA requires *carefully conducted* studies in hundreds to thousands of human subjects to determine the benefits and risks of a possible medication. So far, researchers *haven't conducted enough large-scale clinical trials* that show that the benefits of the marijuana plant (as opposed to its



cannabinoid ingredients) outweigh its risks in patients it's meant to treat.

➤ 2.5 HOW IS CANNABIS

USEFUL IN CURING

DISEASES?

Currently, the *two main cannabinoids* from the marijuana plant that are of medical interest are **THC and CBD**. THC can *increase appetite and reduce nausea*. THC may also *decrease pain, inflammation and muscle control problems*.

Unlike THC, CBD is a cannabinoid that *doesn't* make people "high." These drugs *aren't popular* for recreational use because *they aren't intoxicating*. It may be useful in reducing pain and inflammation, controlling epileptic seizures, and possibly even treating mental illness and addictions. FDA has approved a **CBD-based liquid medication called Epidiolex** for the treatment of two forms of *severe childhood epilepsy, Dravet syndrome and Lennox-Gastaut syndrome*.

For instance, recent animal studies have shown that marijuana extracts *may help kill certain cancer cells and reduce the size of others*. Evidence from one cell culture study with *rodents* suggests that purified extracts from whole-plant marijuana can slow the growth of cancer cells from one of the most serious types of brain tumors. Research in *mice* showed that treatment with purified extracts of THC and CBD, when used with radiation, increased the cancer-killing effects of the radiation.

Scientists are also conducting preclinical and clinical trials with marijuana and its extracts to Treat symptoms of illness and other conditions, such as:

- HIV/AIDS
- multiple sclerosis (MS), which causes gradual loss of muscle control
- Inflammation
- Pain
- Seizures
- Substance use disorders
- Mental disorders

❖ 2.6 HISTORY OF CANNABIS IN INDIA

In 1985, Rajiv Gandhi, the then Prime Minister, introduced the Narcotic Drugs and Psychotropic Substances (NDPS) Act which ensured complete prohibition on sale and purchase of Ganja (bud) and Charas (resin) in India. However, the drug had already been illegal in the country for over two decades because the Indian government had signed the UN's Single Convention on Narcotic Drugs treaty in 1961. Many blamed the PM for succumbing to America's pressure which began its war on drugs in 1971, long before India.

Instead of regulating its supply, like an economic commodity, we brushed aside the topic from the public sphere, resulting in the creation of a taboo around it. Fast forward to today, social awareness campaigns like the Great Legalization Movement have been



educating masses about the benefits of Marijuana and Hemp. Support from Congress MP Shashi Tharoor, BJP MP Maneka Gandhi, and BJD MP Tathagata Satpathy for medical marijuana legalization has garnered wide attention

“Regulation allows cannabis buyers to know what they’re consuming and moderate their intake, in the same way that a drinker can distinguish and choose between a whiskey and a beer. Imposing a tax on cannabis sales can create revenue that can be spent on educating people about the risks of cannabis use, as we already do with public service information on alcohol and tobacco,” writes Shashi Tharoor, in *The Print*. ([Why India Should Legalize Marijuana and Boost Its Economy, 2019](#))

In October last year, Canada took the historic decision of legalizing recreational marijuana after 95 years of prohibition. The total cannabis market in Canada, including medical, illegal, and legal recreational products, is expected to generate up to \$7.17 billion in sales in 2019 — up to \$4.14 billion of which will come from the legal recreational market. According to the Grand View report, the U.S. legal marijuana market size was estimated at USD 7.06 billion in 2016 and is expected to grow at a CAGR of 24.9% from 2017 to 2025. ([John, 2008](#))

❖ LITERATURE REVIEW

V. S. Krishna, Abhinov Vaidyanathan, this paper, based on the criticisms about marijuana and its medicinal purposes it is clearly evident that they are not advisable for any kind of usage as it does not serve the

purpose. The authors of the research article humbly submit that the usage of marijuana for recreational or medical purposes would only cause greater implications rather than serving as a remedy for various diseases ought to be mentioned. In order to conclude, the authors assert through this research article to not legalize the usage of marijuana in India.

Vinith S, Dr. Asha Sundaram, this paper, based on critical research concludes that Weed is comparatively less dangerous than different genuine drugs, for example, heroin, cocaine, LSD, ayahuasca, and so on. Concentrates likewise say that more often than not utilization of medications prompts forceful viciousness though weed works giving alleviation and quiet to the faculties. Other than legitimizing weed will likewise prompt the development of GDP in Indian Economy as it will be a guide to additional pay for as of late authorized wholesalers and merchants. It will help in creating charge incomes as well. The lay relies upon how the administration needs to see the utilization cannabis in one's life and the economy of the state.

Kaplan J (1969), This paper focuses on the usage of cannabis has been an integral part of Indian culture and festivals. The paper also points out the hypocrisy in the fact that when it comes to the religion, cannabis is not disputed. However, when it comes to consumption for recreational and medical purposes, its consumption is considered as a taboo.

Tathagata Satpathy, this article explains about the recreational use, medicinal purpose, industrial usage, it helps people with



cancer, it is cheaper than alcohol. The paper also focuses on how consumption of marijuana has become a custom in many of the Indian states. It focuses and comments on practical ground level problems that comes along with legalization of medical and recreational cannabis in a country like India.

2018 Report by German firm ABCD, the report published top 10 cities in the world where recreational marijuana is consumed. Legally or illegally. The statistics showed that Mumbai and New Delhi are in the list when consumption is completely illegal in India. The report also ran the numbers and predicted the amount of revenue the government could have generated only if consumption and legal and taxed. The report also suggests Canada's model of legalizing marijuana for India, with amendments of course.

2019 Report by Deloitte, A legal market for recreational marijuana could give Canada's economy a boost of up to \$22.5 billion annually, says a new study from business services firm Deloitte. The study estimates that marijuana sales, even initially, would be at least as large as hard liquor sales in Canada, at around \$5 billion annually, but could be as large as \$8.7 billion, making them as large as wine sales.

❖ RESEARCH METHODOLOGY

The research method adopted for this particular research paper is *secondary in nature* i.e. research analysis on similar research problems by other researchers. Initially, the researcher aimed to rely on *primary source of data along with*

secondary data. However, with the current pandemic at hand, it was not possible to conduct interviews personally and examine the data.

While *reviewing secondary data*, the researcher came across *three crucial reports and researches*, two of which were conducted by renowned Firms, *Deloitte and German firm ABCD* and one was done by *Tobacco institute of India*. The *conclusions* based on *statistics* from these reports and researches form the basis of study and findings of this research paper.

However, every *study has its scope and limitation*. Therefore, the reports that were relied on had their respective *parameters and boundaries*. The research problem at hand i.e. recreational marijuana has different dimensions from where it could be *examined*. However, the reports confine themselves to the *economic dimensions*. As a result, other dimensions that are *not explored serve as limitations*. An in-depth analysis would be provided in the *dedicated section* of this paper.

❖ STUDY AND FINDINGS

➤ 5.1 LEGALISATION OF CANNABIS IN INDIA

A 2018 REPORT BY GERMAN FIRM ABCD:

- ✓ India's two of the ten biggest cities, *New Delhi and Mumbai* consumed 38.2 tonnes and 32.4 tonnes of marijuana, respectively.



- ✓ Interestingly, New Delhi and Mumbai are **among the top ten cities** when it comes to marijuana consumption.

- ✓ New Delhi and Mumbai are at the **10th and 11th spot** in the list.

City	Legality	Total consumption (tonnes)
New York, US	Partial	77.4
Karachi, Pakistan	Illegal	42
New Delhi, India	Partial	38.2
Los Angeles, US	Legal	36
Cairo, Egypt	Illegal	32.5
Mumbai, India	Partial	32.5
London, UK	Illegal	31.4
Chicago, US	Legal	24.5
Moscow, Russia	Legal	22.8
Toronto, Canada	Legal	22.7

Cities	Price per gram (in US\$)
Quito, Ecuador	1.34
Bogota, Colombia	2.2
Asuncion, Paraguay	2.22
Jakarta, Indonesia	3.79
Panama City, Panama	3.85
Johannesburg, South Africa	4.01
Montevideo, Uruguay	4.15
Astana, Kazakhstan	4.22
Antwerp, Belgium	4.29
New Delhi, India	4.38

ABCD's numbers are based on the annual prevalence of weed (percentage of population that has used the substance in the past year) estimated by the UN Office of Drugs and Crime*

- ✓ The study also found that **New Delhi and Mumbai** are among the **cheapest places** in the world to buy **Marijuana**.
- ✓ **Latin America**, though, is the haven for those who love to keep rolling, **five cities** from the continent are on the list of 10 cheapest places to buy marijuana.

➤ **5.2 WHAT IF RECREATIONAL WEED WAS LEGALISED AND TAXED?**

- ✓ The study revealed that the **failure to legalize recreational marijuana** in India is leading to a **huge loss of tax revenue**. (*Sharma, 2019*)
- ✓ **New Delhi** alone could raise up to **Rs. 725 crores a year**, while **Mumbai** could raise **Rs. 641 crores** if weed is taxed at the same rate as the most **popular cigarette** in the city.



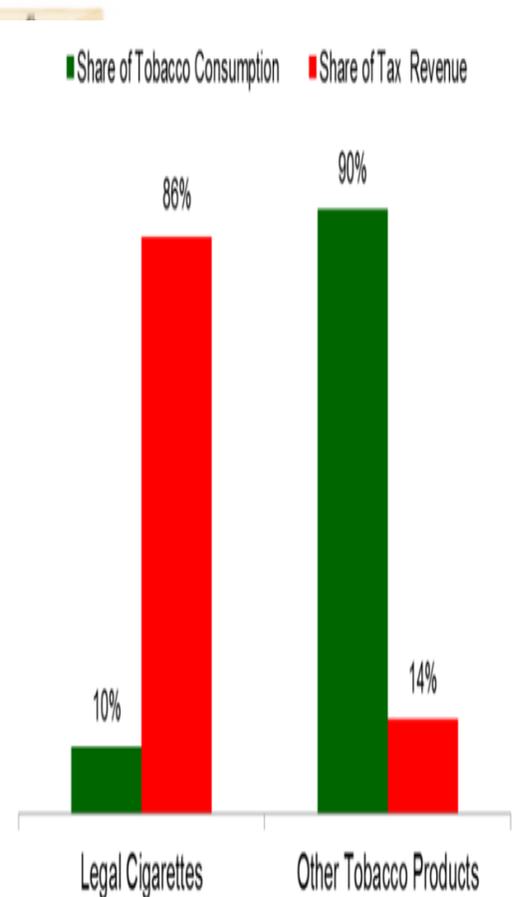
- ✓ If the *average US tax rate* on marijuana tax were applied, *Delhi* can raise *Rs 225 crores* and *Mumbai*, *Rs 199 crores*, the study revealed.
- ✓ Presently, India allows the cultivation of cannabis for *industrial purposes* (such as hemp that is used to make fibre), but its *consumption* could lead to a *jail term of six months or a fine of Rs. 10,000*.
- ✓ Whereas, *Illegal production and cultivation* can lead to a *jail term of up to 10 years*.

➤ **5.3 A REPORT BY TOBACCO INSTITUTE OF INDIA**

- ✓ The *tobacco consumption pattern* in India is *unique* in that only *10% of total tobacco* is consumed in the form of *Legal Cigarettes*.
- ✓ the *balance 90%* is consumed in *other forms* such as *chewing tobacco, bidi and illegal cigarettes*.
- ✓ This is *unlike* the rest of the world where tobacco consumption is *synonymous* with cigarettes which account for as much as *90%* of total consumption.
- ✓ Despite a *mere 10%* share of consumption, *Government collects 86%* of its total tobacco revenue from legal

cigarettes as per the data available for the *year 2016-17*.

- ✓ The *reason* for this *distorted pattern* of revenue collections is that cigarettes are subjected to *high and discriminatory* rates of taxation, as compared to other tobacco products. (*“Tobacco Taxation | Tobacco Industry India,” n.d.*)



Tobacco Institute of India.



➤ **5.4 PROPOSED LAWS FOR REGULATING THE PRODUCTION, CONSUMPTION AND SALE OF RECREATIONAL MARIJUANA**

- ✓ Considering a *hypothetical scenario* where it is decided by the government to *legalize recreational marijuana*, the biggest challenge would be to *control* the supply and demand, *prevent* illegal production and *determine* adequate tax rates for the same.
- ✓ *Different countries* around the world have *legalized* recreational marijuana and they have bought in *stringent laws* to control its usage. *Uruguay, Canada* are two such countries that have *legalized* recreational weed *accompanied* by strict regulations.
- ✓ *Canada's marijuana model* could be adopted, with of course, *suitable amendments*. (*Higgins, 2018*)

Some important highlights of the cannabis act, 2017 are:

- *Only adults* (above 18) are allowed to *consume it*.
- No one is allowed to possess *over 30 grams* of *dried cannabis* at one time.

- One Can only purchase from stores with *license issued by Canadian government*.
- *No consumption* in Public places. (*Canada, 2018*)
- Illegal production, consumption, possession could attract *imprisonment up to 14 years*.
- The act Prohibits any *promotion* of cannabis, cannabis *accessories*, or *services* related to cannabis, *unless authorized* under the *Cannabis act, 2017*.

➤ **A HYPOTHETICAL SITUATION**

- ✓ Let's assume a hypothetical situation where the Indian government Taxes recreational Marijuana, the way it taxes cigarettes. (*According to WHO's report on Global Tobacco Epidemic 2017, cigarettes taxes in India are highest in the world.*)
- ✓ *India* has the *demand available*, a whopping combined demand of *71 tonnes in 2 cities alone*. The demand *nationwide* would be even more *promising* i.e. *28 states, 9 UT's*.
- ✓ After *closely analyzing* the *strict taxation* of tobacco in India and the *legal model adopted by Canada* for consumption of



cannabis and how *legalization* of cannabis has *boosted the economy of Canada*.

So, the logic suggests that:

- ✓ The *possibility cannot be ignored* that there is a chance that this *might work* in India too.
- ✓ However, other factors such as *people's acceptability* and mindset, *rules and regulations* etc. need to be considered before making any decision.
- ✓ However, the legalization of recreational marijuana will *not only have an economic effect but also a political, social effect on India and its people*. Therefore, considerations have to be made before making this *psychological and social change*.

❖ LIMITATIONS OF THE STUDY

Despite all the sincere efforts in order to collect relevant information and data, there are some *inherent limitations*. Considering the Covid-19 Pandemic, it wasn't possible for the researcher to *collect data physically* for the relevant study.

The initial thought process was to cover the suburban regions of Mumbai. The researcher aimed to interview different people about the *awareness* of marijuana consumption for *recreational purposes*, among other things.

However, due to the current pandemic, the target couldn't be achieved and the researcher had to solely rely on *Secondary review of data* i.e. research analysis on similar research problems by other researchers.

While *reviewing secondary data*, the researcher came across *three crucial reports and researches*, two of which were conducted by renowned Firms, *Deloitte and German firm ABCD* and one was done by *Tobacco institute of India*. The *conclusions* based on *statistics* from these reports and researches form the basis of study and findings of this research paper.

However, *every study has its scope and limitations*. Therefore, the reports that were relied on had their respective *parameters and boundaries*. The research problem at hand i.e. recreational marijuana has different dimensions from where it could be *examined*. However, the reports confine themselves to the *economic dimensions*. As a result, other dimensions that are *not explored serve as limitations*. (Political, Social, Cultural acceptance etc. not covered)

Talking about the part of study which deals with a *hypothetical scenario* where recreational weed is legalized, the limitations starts with its *theoretical nature*. These constructs and indicators are not absolute measurable items to the *consequences of actually legalizing it*, until it is *tested empirically*.

The researcher recognizes that while reviewing the *secondary data*, there might have been *cognitive bias* on the end of *respondent* filling the *questionnaire* which



would have influenced their decisions. Also, **time and money restraint** act as a limitation of the study.

❖ CONCLUSION

After a parallel study of the model of **cannabis consumption** in **Canada** with the **demand for cigarette consumption and cannabis** in **India** and after considering a **hypothetical situation** where the **demand for cannabis** would match the **demand for tobacco** in India and after studying the **strict taxation** of tobacco in India and the **legal model** adopted by Canada for consumption of cannabis and how legalization of cannabis has **boosted the economy** of Canada;

The fact **cannot be ignored** that there is a chance that this **might** work in India too. However, other factors such as **people's acceptability** and mindset, **rules and regulations** need to be considered before making any decision.

However, the legalization of cannabis will **not only** have **an economic effect** but also **political, social effect** on India. Therefore, considerations have to be made before making this **psychological and social change**.

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