

#### HISTORICAL AND CONTEMPORARY REGULATORY LANDSCAPE OF HEMP AND HEMP PRODUCTS

#### 1. INTRODUCTION

The usage of cannabis, hemp or marijuana precedes official records, and it is one of the oldest crops thought to have been cultivated. A complex plant with over 400 chemical entities, it remains poorly understood to this day due to the restrictions, legal and otherwise, imposed on it, making a rational, scientific appraisal and acceptance of it by the general public, difficult.<sup>2</sup>

Hemp and hemp products have been a central theme in the international drug control regime and have been controversial, to say the least. A hemp plant, however, can be much more than just a gateway drug, as is commonly misunderstood, and can have various uses including in manufacturing of vegetable oils, plant-based protein, paper, canvas, rope, lace, linen, building materials, amongst others.

The Indian legislation governing the hemp plant, the Narcotic Drugs and Psychotropic Substances Act, 1985 ("NDPS Act") defines 'cannabis (hemp)' as the separated resin or the flowering or fruiting tops of the cannabis plant and is considered to be a narcotic drug.<sup>3</sup> However, this definition of cannabis does not include the leaves, stem, roots, or seeds of the hemp plant, within its scope.<sup>4</sup>

The NDPS Act imposes a general prohibition on the cultivation, production, manufacture, possession, transport, import, export, sale, consumption or use of hemp. However, the NDPS Act also empowers the state government and the central government to regulate the cultivation, production, manufacture, possession, transport, import, export, sale, consumption or use of hemp.<sup>5</sup>

Although hemp and hemp products are, by far, the most widely cultivated, trafficked, and seized 'drugs' in the world, <sup>6</sup> numerous countries are now legalising the usage of hemp products bearing in mind the various inherent benefits (both health and economic) of the plant along with the advantage of creation of jobs, opportunities, and revenues.<sup>7</sup> Against this backdrop, we analyse the historical and contemporary regulatory landscape of hemp and hemp products.

# 2. UNCOVERING THE GENESIS OF HEMP USAGE

The hemp plant has a long history in India and is considered sacred by legends and religions. The ancient ayurvedic system of medicine is also seen to contain various references to hemp for healing and curing diseases such as diarrhoea, epilepsy, and haemorrhoids, amongst others.<sup>8</sup>

www.induslaw.com

Page **1** of **7** 

<sup>&</sup>lt;sup>1</sup> ERNEST L. ABEL, MARIJUANA - THE FIRST TWELVE THOUSAND YEARS (Springer Science+Business Media LLC 1980).

<sup>&</sup>lt;sup>2</sup> Zerrin Atakan, Cannabis, a complex plant: different compounds and different effects on individuals, (Mar. 20, 2021, 12:58 AM), <a href="https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3736954/">https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3736954/</a>

<sup>&</sup>lt;sup>3</sup> NDPS Act, 1985, §2(iii), No. 61, Acts of Parliament, 1985.

<sup>&</sup>lt;sup>4</sup> Madhukar S/O Pandurang Kanthale v. the State of Maharashtra, (2002) 104 BOMLR 908; Arjun Singh v. State of Haryana, 2005 CriLJ 253; Sevaram v. State of Rajasthan, 1993 CriLJ 2503; K.V. Ramaswamy v. The Superintendent of Police, MANU/TN/2626/2009.

<sup>&</sup>lt;sup>5</sup> NDPS Act, 1985, §10 and §14, No. 61, Acts of Parliament, 1985.

<sup>&</sup>lt;sup>6</sup> WHO, Cannabis, (Mar. 20, 2021, 12:58 AM), <a href="https://www.who.int/teams/mental-health-and-substance-use/alcohol-drugs-and-addictive-behaviours/drugs-psychoactive/cannabis">https://www.who.int/teams/mental-health-and-substance-use/alcohol-drugs-and-addictive-behaviours/drugs-psychoactive/cannabis</a>.

Deloitte, *A Society in Transition, an industry ready, to bloom,* (Mar. 20, 2021, 12:58 AM), <a href="https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/consulting/ca-cannabis-2018-report-en.PDF">https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/consulting/ca-cannabis-2018-report-en.PDF</a>.

<sup>8</sup> ROWAN ROBINSON, THE GREAT BOOK OF HEMP (Park Street Press 1996); Chris Bennet, *The Ganja Culture of India*, Cannabis Culture, (Mar. 20, 2021, 12:58 AM), <a href="https://www.cannabisculture.com/content/2019/12/09/the-ganja-culture-of-india">https://www.cannabisculture.com/content/2019/12/09/the-ganja-culture-of-india</a>.



The earliest mention of hemp is said to be in the Vedas, the sacred Hindu texts, and more specifically, in the *Atharvaveda*, dating back to 4000-3000 B.C. The Vedas contain many references to the use and consumption of hemp for medicinal and religious purposes. Lord Shiva (a Hindu deity) is also known for having a strong affinity towards bhang. In this regard, the Indian Hemp Drugs Commission Report in 1894 ("Commission Report 1894"), recorded that "It is chiefly in connection with the worship of Siva, the... great god of the Hindu trinity, that the hemp plant, and more especially perhaps ganja, is associated." In the Zoroastrian scriptures of ancient Iran (that closely resemble the *RigVeda*), consumption of bhang is said to bring happiness. <sup>11</sup>

Islam also regards bhang as a holy plant and in the *Tibbi* (the Islamic system of medicine), the plant is mentioned to have benefits to treat conditions such as asthma, dandruff, and urinary disorders.<sup>12</sup> To certain Islamic sects, hemp is an embodiment of the spirit of the Prophet Khizer Elijah, the patron saint of water, and is often referred to as 'warak-al-khiyal' or 'fancy's leaf'.<sup>13</sup>

The usage of hemp in drinks and offerings is also found during various festivals in India including Durga Puja in West Bengal,<sup>14</sup> and Holi.<sup>15</sup> Further, hemp offerings are also given as prasad in temples throughout India such as the Mouneshwara temple in Karnataka<sup>16</sup> and various temples in Varanasi.<sup>17</sup>

#### 3. TRACING THE EVOLUTION OF THE REGULATORY FRAMEWORK

### 3.1. The Early Days

The earliest efforts to control the growth or consumption of hemp can be traced back to the 19th century. For example, (a) Egypt witnessed its first ever penal law in 1800 that entailed a 3-month punishment for using hemp, (b) in Brazil, the use of hemp was prohibited in 1830, (c) in South Africa, a law was enacted in 1870 prohibiting the use and possession of hemp, and (d) in Greece, the cultivation, use and import of hemp was prohibited in 1890.<sup>18</sup>

However, the Commission Report 1894, viewed hemp from a different perspective. After studying the usage of hemp in India, it recommended that (a) the prohibition of cultivation of the hemp plant was not desirable as it was growing all over the country anyway and prohibition would lead people to switch to

www.induslaw.com

Page **2** of **7** 

Bangalore Delhi	Hyderabad	Mumbai
-----------------	-----------	--------

<sup>&</sup>lt;sup>9</sup> IC Chopra, RN Chopra, *The Use of Cannabis in India*, UN Office on Drugs and Crime, (Mar. 20, 2021, 12:58 AM), https://www.unodc.org/unodc/en/data-and-analysis/bulletin/bulletin\_1957-01-01\_1\_page003.html.

<sup>&</sup>lt;sup>10</sup> Report of the Indian Hemp Drugs Commission 1883-94, Indian Culture, (Mar. 20, 2021, 12:58 AM), <a href="https://indianculture.gov.in/report-indian-hemp-drugs-commission-1883-94">https://indianculture.gov.in/report-indian-hemp-drugs-commission-1883-94</a>.

<sup>11</sup> G.K. SHARMA, CANNABIS FOLKLORE IN THE HIMALAYAS, (Harvard University Herbaria 1977).

<sup>&</sup>lt;sup>12</sup> Maziyar Ghiabi, Masoomeh Maarefvand, Hamed Bahari, Zohreh Alavi, *Islam and cannabis: Legalisation and religious debate in Iran*, 56 Int J Drug Policy, 121 (2018), <a href="https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6153265/">https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6153265/</a>

<sup>&</sup>lt;sup>13</sup> IC Chopra, RN Chopra, *The Use of Cannabis in India*, UN Office on Drugs and Crime, (Mar. 20, 2021, 12:58 AM), <a href="https://www.unodc.org/unodc/en/data-and-analysis/bulletin/bulletin\_1957-01-01\_1\_page003.html">https://www.unodc.org/unodc/en/data-and-analysis/bulletin/bulletin\_1957-01-01\_1\_page003.html</a>.

<sup>&</sup>lt;sup>14</sup> Yatan Pal Singh Balhara, Arpit Parmar, Tamonud Modak, Virendra Vikram, From "Bhang Shops" to "Cannabis in Coffee Shops": Time to Debate the Option?, Sage Journals, (Mar. 21, 2021, 7:58 PM), https://journals.sagepub.com/doi/full/10.1177/0253717620957501.

<sup>&</sup>lt;sup>15</sup> Shubhangi Mishra, How bhang become such an integral part of Holi, (Mar. 21, 2021, 7:58 PM), The Print, <a href="https://theprint.in/features/how-bhang-became-such-an-integral-part-of-holi/378324">https://theprint.in/features/how-bhang-became-such-an-integral-part-of-holi/378324</a>.

<sup>&</sup>lt;sup>16</sup> DH Web Desk, *Highly Spiritual: Some temples in Karnataka offer ganja as prasada*, Deccan Herald, (Mar. 21, 2021, 7:58 PM), <a href="https://www.deccanherald.com/state/top-karnataka-stories/highly-spiritual-some-temples-in-karnataka-offer-ganja-weed-as-prasada-886918.html">https://www.deccanherald.com/state/top-karnataka-stories/highly-spiritual-some-temples-in-karnataka-offer-ganja-weed-as-prasada-886918.html</a>.

<sup>&</sup>lt;sup>17</sup> Naveen Pandey, *Did you know 'bhang' is served as prasad in Varanasi on Maha Shivratri?*, Zee News India (Mar. 21, 2021, 7:58 PM), https://zeenews.india.com/culture/did-you-know-bhang-is-served-as-prasad-in-varanasi-on-maha-shivratri-2264972.html

<sup>&</sup>lt;sup>18</sup> Dave Bewley-Taylor, Tom Blickman, Martin Jelsma, *The Rise and Decline of Cannabis Prohibition*, Transnational Institute, (Mar. 20, 2020, 12:58 AM), <a href="https://tmi.org/en/publication/the-rise-and-decline-of-cannabis-prohibition">https://tmi.org/en/publication/the-rise-and-decline-of-cannabis-prohibition</a>.



substances that may be more dangerous than hemp, (b) the usage of hemp should be regulated and taxed through licensed production and sale, and (c) moderate use of hemp should be allowed as opposed to unlimited usage and carrying rights.<sup>19</sup>

The Commission Report 1894, however, did not have much impact on the international community as hemp was not only brought under the purview of various national and international drug control measures but was also placed at par with opium and coca bush.<sup>20</sup> A complete prohibition on hemp at that point (that is, in the 19<sup>th</sup> Century) was not feasible because (a) countries such as Egypt were re-considering the ban on hemp, and (b) countries that had prohibited cultivation and usage of hemp saw an immediate rise in trafficking of the plant that led to illegal smoking dens and corruption.

### 3.2. International Conferences and Conventions

The outrage and anger surrounding the consumption of opium drew hemp into its slipstream as well. By the early 20<sup>th</sup> century, consensus had emerged that the international regulation of opium was necessary. This led to the International Opium Conference, 1911, as well as the International Opium Convention, 1912 ("Hague Convention, 1912"), wherein 'Indian hemp' was discussed and included in the Addenda to the Convention which resulted in the licensed manufacturing and regulated distribution of hemp.<sup>21</sup>

A Second Opium Conference was convened in 1924, where hemp was declared a harmful drug and perceived to cause hysteria and insanity. Thereafter, the Geneva Convention, 1925, declared 'Indian hemp' as an addictive substance by placing it in the same category as opium and further prohibited the international trade of hemp. This led to a series of domestic laws being passed in the United Kingdom, Netherlands, and Germany, in 1928, that made possession of hemp illegal.<sup>22</sup>

In the United States of America, in 1925, at request of the governor of Panama Canal Zone, an official inquiry was made on the hazards of hemp use. Through testimonies and laboratory studies, the Panama Canal Zone Report concluded that the harmful effects of hemp had been overemphasized and no restrictions should be placed on the same.<sup>23</sup> In spite of the Panama Canal Zone Report, 46 of the 48 states of the United States of America had prohibited hemp altogether by 1937. The head of the Federal Bureau of Narcotics, Harry J. Anslinger also testified before a House of Representatives committee in 1937, as follows:

"Most marijuana smokers are Negroes, Hispanics, jazz musicians, and entertainers. Their satanic music is driven by marijuana, and marijuana smoking by white women makes them want to seek sexual relations with Negroes, entertainers, and others. It is a drug that causes insanity, criminality, and death – the most violence-causing drug in the history of mankind" <sup>24</sup>

www.induslaw.com

Bangalore Delhi Hyderabad Mumbai

<sup>&</sup>lt;sup>19</sup> Report of the Indian Hemp Drugs Commission 1883-94, Indian Culture, (Mar. 20, 2021, 12:58 AM), <a href="https://indianculture.gov.in/report-indian-hemp-drugs-commission-1883-94">https://indianculture.gov.in/report-indian-hemp-drugs-commission-1883-94</a>.

<sup>&</sup>lt;sup>20</sup> BALLOTTA, DANILO & BERGERON, HENRI & HUGHES, BRENDAN., CANNABIS CONTROL IN EUROPE A CANNABIS READER: GLOBAL ISSUES AND LOCAL EXPERIENCES, (European Monitoring Centre for Drugs and Drug Addiction 2008), <a href="https://www.emcdda.europa.eu/system/files/publications/497/emcdda-cannabis-mon-vol1-web">https://www.emcdda.europa.eu/system/files/publications/497/emcdda-cannabis-mon-vol1-web</a> 103716.pdf.

<sup>&</sup>lt;sup>21</sup> David Bewley-Taylor and Martin Jelsma, *Fifty Years of the 1961 Single Convention on Narcotic Drugs: A Reinterpretation*, Series on Legislative 12 Reform of Drug Policies, (2011), <a href="http://www.undrugcontrol.info/images/stories/documents/dlr12.pdf">http://www.undrugcontrol.info/images/stories/documents/dlr12.pdf</a>.

<sup>&</sup>lt;sup>22</sup> Sarah Giulietta Mars, Cannabis Britannica: empire, trade, and prohibition 1800-1928, Reseach Gate, (Mar. 20, 2021, 2:29 AM) <a href="https://www.researchgate.net/publication/292008976">https://www.researchgate.net/publication/292008976</a> Cannabis Britannica empire trade and prohibition 1800-1928.

<sup>&</sup>lt;sup>23</sup> Ernest L. Abel, Marijuana on Trial: The Panama Canal Zone Report, 4 I.J.A. 667, 667-668 (1982), <a href="https://www.tandfonline.com/doi/pdf/10.3109/10826088209053010#:~:text=In%201925%20the%20first%20official.of%20the%20Panama%20Canal%20Zone.&text=The%20conclusions%20of%20the%20report,the%20use%20of%20the%20drug.">https://www.tandfonline.com/doi/pdf/10.3109/10826088209053010#:~:text=In%201925%20the%20first%20official.of%20the%20Panama%20Canal%20Zone.&text=The%20conclusions%20of%20the%20report,the%20use%20of%20the%20drug.</a>

<sup>&</sup>lt;sup>24</sup> GERBER R.J., LEGALIZING MARIJUANA: DRUG POLICY REFORM AND PROHIBITION POLITICS 9 (Greenwood Press 2004).



The U.S. further led the international anti-hemp movement with the help of a few other countries such as Mexico and Egypt. Subsequently, in 1946, the United Nations' Economic and Social Council (ECOSOC) approved a U.S. drafted UN Commission on Narcotic Drugs that led the anti-hemp movement post the Hague Convention, 1912.

The World Health Organisation offered some resistance, pointing out the cultural bias towards hemp, stating that if the western countries were as concerned about alcohol as they were about opium, there would be an international convention on alcohol as well.<sup>25</sup>

Despite the prevalent literature<sup>26</sup> and scientific analysis that stated that the use of hemp did not lead to mental or moral issues, intense lobbying by certain individuals such as Pablo Osvaldo Wolff,<sup>27</sup> Harry J. Anslinger and Texas Congressman Sam Rayburn, and several countries including the US, Germany, Mexico, and Egypt, led to the codification of the following conventions:

- (i) Single Convention on Narcotic Drugs, 1961 ("Single Convention");
- (ii) Convention on Psychotropic Substances, 1971; and
- (iii) Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988.

As a result, hemp was classified as a highly addictive substance, with dangerous properties and no therapeutic value. <sup>28</sup>The findings of the Commission Report 1894 and the Panama Canal Zone Report were largely ignored, and as history shows these perhaps were the more objective findings that should have guided legislation, rather than what seems to have been reactions to emotional and societal pressures that would see a reversal with time.

The abovementioned international developments led to various enactments across the globe including the NDPS Act in India, that classified hemp as a narcotic drug. However, while ratifying the Single Convention and enacting the NDPS Act, the Indian Government departed from the Single Convention's definition of hemp by granting an exception for the leaves, stems, and seeds of the hemp plant (and staying silent with respect to the roots of the hemp plant), and further allowed both the central and state governments to regulate cannabis.<sup>29</sup>

### 4. GLOBAL SHIFT TOWARDS PRESCRIPTION FROM PROHIBITION

As seen above, the U.S. effort towards a global acceptance of its model of drug prohibition and criminalization helped spur the movement to criminalize hemp worldwide. However, in recent times, some of the international community has veered towards the de-criminalization and regulated usage of hemp.

In 1976, the Netherlands, was the first country to decriminalise the personal possession and use of cannabis for adults as (a) cannabis was deemed to be at lower risk to humans compared to any other drug, (b)

www.induslaw.com Page 4 of 7

Bangalore

Delhi

Hyderabad

Mumbai

<sup>&</sup>lt;sup>25</sup> The 2009 World Drug Report: A Response from the International Drug Policy Consortium, IDPC, (Mar. 20, 2021, 02:35 AM), <a href="http://fileserver.idpc.net/library/IDPC%20WDR%20Response%202009%20Final.pdf">http://fileserver.idpc.net/library/IDPC%20WDR%20Response%202009%20Final.pdf</a>.

<sup>&</sup>lt;sup>26</sup> LEOPOLDO SALAZAR VINIEGRA, THE MYTH OF MARIJUANA (1938); H.B.M. Murphy, *The Cannabis Habit*, Bulletin of Narcotics, (Mar. 25, 2021, 01:35 AM), <a href="https://www.unodc.org/unodc/en/data-and-analysis/bulletin/bulletin\_1963-01-01\_1\_page004.html">https://www.unodc.org/unodc/en/data-and-analysis/bulletin/bulletin\_1963-01-01\_1\_page004.html</a>.

<sup>&</sup>lt;sup>27</sup> Head of the Addiction Producing Drugs Section of the World Health Organisation.

<sup>&</sup>lt;sup>28</sup> Dave Bewley-Taylor, Tom Blickman, Martin Jelsma, *The Rise and Decline of Cannabis Prohibition*, Transnational Institute, (Mar. 20, 2020, 12:58 AM), <a href="https://tni.org/en/publication/the-rise-and-decline-of-cannabis-prohibition">https://tni.org/en/publication/the-rise-and-decline-of-cannabis-prohibition</a>.

<sup>29</sup> *ibid*.



cannabis was readily available anyway throughout the country, (c) cannabis use had risen significantly, and (d) tax on cannabis had generated millions of Euros, revenue that would otherwise be lost to the underground market.<sup>30</sup>

With the Netherlands paving a new way forward and research and studies showing promise of the true potential of the hemp plant, the contemporary policies on hemp and hemp products across the globe are discussed below.

#### 4.1. Latin America

Latin American countries allow access to hemp for therapeutic uses.<sup>31</sup> For instance, the usage of hemp for medical and scientific purposes has been completely legalized in Uruguay since 2013.<sup>32</sup> The other countries in the Latin American region such as Brazil, Chile, Colombia, and Jamaica have also adopted progressive policies like those in Uruguay.<sup>33</sup>

## 4.2. United States of America

The country that had initiated and championed the global shift towards the criminalization of hemp products first saw the State of California legalising of cultivation, possession and use of marijuana for medical purposes via the California's Compassionate Use Act, 1996.<sup>34</sup> As of March 31, 2021 a total of 26 states have now decriminalised the possession and consumption of hemp. Further, Washington and Colorado first legalised small amounts of marijuana for personal recreational use in 2012, and now 12 states have legalized small amounts of hemp for adult use.<sup>35</sup>

### 4.3. Canada<sup>36</sup>

With the Cannabis Act (C-45) of June 2018, Canada has adopted a system of licensing in relation to the sale of hemp and hemp related products, with the Ministry of Health, Canada authorizing cultivators, processors, and sellers of hemp. A total of 626 products have been currently licensed.<sup>37</sup> In addition to the production of hemp being authorized, the general public is also authorized, by way of licenses, to possess

Bangalore Delhi Hyderabad Mumbai

www.induslaw.com

Page 5 of 7

<sup>&</sup>lt;sup>30</sup> Steve Rolles, Cannabis policy in the Netherlands: moving forwards not backwards (2014), (Mar. 20, 2020, 12:58 AM), <a href="https://www.unodc.org/documents/ungass2016/Contributions/Civil/Transform-Drug-Policy-Foundation/Cannabis-policy-in-the-Netherlands.pdf">https://www.unodc.org/documents/ungass2016/Contributions/Civil/Transform-Drug-Policy-Foundation/Cannabis-policy-in-the-Netherlands.pdf</a>

<sup>&</sup>lt;sup>31</sup> Sofía Aguilar, Víctor Gutiérrez, Lisa Sánchez and Marie Nougier, *Medicinal cannabis policies and practices around the world*, International Drug Policy Consortium, (Mar. 21, 2021, 1:45 PM), <a href="https://idpc.net/publications/2018/04/medicinal-cannabis-policies-and-practices-around-the-world">https://idpc.net/publications/2018/04/medicinal-cannabis-policies-and-practices-around-the-world</a>.

<sup>32</sup> *ibid*.

<sup>&</sup>lt;sup>33</sup> ASOCOLCANNA, The Business Year Medical Cannabis Latin America & Caribbean Special Report, (Mar. 21, 2021, 1:51 PM), <a href="https://asocolcanna.org/wp-content/uploads/2020/02/Medical-cannabis-LatamCaribbean.pdf">https://asocolcanna.org/wp-content/uploads/2020/02/Medical-cannabis-LatamCaribbean.pdf</a>.

<sup>&</sup>lt;sup>34</sup> Lori Moore, Milestones in U.S. Marijuana Laws, The New York Times, (Mar. 21, 2021, 1:51 PM), <a href="https://archive.nytimes.com/www.nytimes.com/interactive/2013/10/27/us/marijuana-legalization-timeline.html#/#time283\_8151">https://archive.nytimes.com/www.nytimes.com/interactive/2013/10/27/us/marijuana-legalization-timeline.html#/#time283\_8151</a>

<sup>35</sup> Michael Hartman, Cannabis Overview, National Conference of State Legislatures (Mar. 21, 2021, 1:51 PM) <a href="https://www.ncsl.org/research/civil-and-criminaljustice/marijuana-overview.aspx">https://www.ncsl.org/research/civil-and-criminaljustice/marijuana-overview.aspx</a>.

<sup>&</sup>lt;sup>37</sup> Licensed cultivators, processors and sellers of cannabis under the Cannabis Act, Government of Canada, (Mar. 21, 2021, 1:51 PM), https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensed-cultivators-processors-sellers.html.



and consume medicinal hemp, with the prescribed limit for possession being up to 30 grams.<sup>38</sup> In both cases, self-cultivation is allowed, so long as it does not exceed six plants and the use can be justified.<sup>39</sup>

## 4.4. Europe

In European jurisdictions, use of narcotics was historically associated with the non-white population and was considered outside of traditional cultural values.<sup>40</sup> This position has now undergone a paradigm shift, with the decriminalization of hemp usage underway in many members of the European Union.

For instance, the usage of hemp was decriminalized in Belgium in 2003 with the state permitting small scale hemp possession.<sup>41</sup> However, it has not been smooth sailing. According to press reports, the Netherlands intends to exclude tourists from its relatively benign regulation of its hemp sector, as part of its measures to battle unlawful drug trade and organised crime, making it available only to its residents.<sup>42</sup> Further, Germany has recently rejected a proposed bill that was aimed at the legalization of a "strictly controlled" adult-use hemp market on October 30, 2020.<sup>43</sup>

#### 5. CONCLUSION

Legends, history, and lore seemed not to pillory hemp or the hemp plant, and often extolled its usage. Reports during the late 19<sup>th</sup> and early 20<sup>th</sup> century, suggested that attaching hemp to the larger problem of other narcotics like opium were misguided. However, there seem to have been other incentives at play (variously including societal, and moral, and we are not alluding to the more conspiracy theory-oriented agendas of the then burgeoning pharmaceutical sector), that led to categorizing hemp as a highly addictive substance, with dangerous properties and no therapeutic value.

The global shift towards the decriminalization of hemp products indicates that the world is perhaps reversing the cycle while also becoming more nuanced, dare we say tolerant, towards the usage of hemp. While regulation of hemp usage may have its own consequences at a social level, it would be a welcome move given the research that continues to point to health benefits, and economic incentives (being employment, taxes, and indeed environmental benefits of the raw material).

The sales of cannabis products in the United States of America were at USD 12.2 billion in 2019 and projected to increase to USD 31.1 billion by 2024, according to a report from Arcview Market Research and BDS Analytics<sup>44</sup>. This report also seemed to suggest that the hemp industry could generate an additional \$105.6 billion in aggregate federal tax revenue by 2025 while creating around 1 million jobs at the same

www.induslaw.com

Page **6** of **7** 

Bangalore Delhi Hyderabad Mumbai

<sup>38</sup> Cannabis Act, 2018, §8, c.16, Acts of Senate and House of Commons, 2018 (Canada) 8.

<sup>&</sup>lt;sup>39</sup> Sofía Aguilar, Víctor Gutiérrez, Lisa Sánchez and Marie Nougier, *Medicinal cannabis policies and practices around the world*, International Drug Policy Consortium, (Mar. 21, 2021, 1:45 PM), <a href="https://idpc.net/publications/2018/04/medicinal-cannabis-policies-and-practices-around-the-world">https://idpc.net/publications/2018/04/medicinal-cannabis-policies-and-practices-around-the-world</a>.

<sup>&</sup>lt;sup>40</sup> Patrick Mccaffrey, Drug War Origins: How American Opium Politics Led to the Establishment of International Narcotics Prohibition, DASH Harvard (Mar. 21, 2021, 2:04 PM), <a href="https://dash.harvard.edu/handle/1/42004195">https://dash.harvard.edu/handle/1/42004195</a>.

<sup>&</sup>lt;sup>41</sup> Steve Rolles, Niamh Eastwood, *Drug Decriminalization Policies in Practice: A Global Summary*, International Drug Policy Consortium, (Mar. 21, 2021, 2:04 PM), <a href="https://idpc.net/publications/2015/10/drug-decriminalisation-policies-in-practice-a-global-summary">https://idpc.net/publications/2015/10/drug-decriminalisation-policies-in-practice-a-global-summary</a>.

<sup>&</sup>lt;sup>42</sup> Om Marathe, Explained: Why Amsterdam wants to ban tourists from its cannabis cafes, Indian Express, (Apr. 06, 2021, 3:14PM) <a href="https://indianexpress.com/article/explained/why-amsterdam-wants-to-ban-tourists-from-its-cannabis-cafes-7145107/">https://indianexpress.com/article/explained/why-amsterdam-wants-to-ban-tourists-from-its-cannabis-cafes-7145107/</a>.

<sup>&</sup>lt;sup>43</sup> Alfredo Pascual, Germany firmly rejects recreational marijuana legalisation bill as hope fades for reform, Marijuana Business Daily, (Mar. 21, 2021, 2:04 PM), <a href="https://mjbizdaily.com/germany-rejects-recreational-marijuana-legalization-bill">https://mjbizdaily.com/germany-rejects-recreational-marijuana-legalization-bill</a>.

<sup>44</sup> Mrinali Krishna, *The Economic Benefits of Legalizing Weed*, Investopedia, (Mar. 21, 2021, 2:04 PM), https://www.investopedia.com/articles/insights/110916/economic-benefits-legalizing-weed.asp#impact-on-tax-revenue.



time.<sup>45</sup> This expanding market would also improve the market for industrial hemp, which can be used in many industries including paper, textiles, biodegradable plastics, construction, health food, and fuel amongst others.

Although the studies on hemp and hemp products are recent, they have shown tremendous promise and with more research are expected to reveal the full potential of the plant. Despite the advantages of hemp, India recently witnessed a media frenzy surrounding celebrities and the purported consumption of narcotic substances, including those derived from the hemp plant. Focusing on this misuse of narcotics, and ignoring the nuances that differentiate hemp from other narcotics and refusing to even discuss the health and economic benefits of hemp has muddied the waters of the real debate, and erected a barrier to a reasoned understanding of the hemp plant and its benefits.

The enforcement model against hemp usage has not made a successful impact, as is evident from history and data. This model has resulted in the stigmatization of an ancient tradition of usage and created an additional burden on an already overburdened criminal system, including in India. As countries move successfully towards regulation of hemp and hemp products, such as the US, Netherlands, and Uruguay, we hope to see more liberal legal frameworks relating to hemp and hemp products in the future. The Indian legal landscape has always favoured regulation of hemp and hemp products, as opposed to a complete ban. Given the rejuvenated focus on the health and economic benefits of hemp, India could also pivot to being a major supplier for ingredients necessary to hemp products. An industry that promises large benefits, both health wise and economically, to Indians and the world.

We will discuss the Indian legal landscape surrounding hemp and hemp products as well as the potential of it being a dominant industry in a subsequent article.

Authors: Kartik Ganapathy | Rashi Saraf | Spandan Saxena | Nabarun Chandra Ray

**Date:** April 6, 2021

Practice Areas: Corporate and Commercial | Government and Regulatory | International Practice Group

## **DISCLAIMER**

This article is for information purposes only. The views expressed are the views of the authors. Nothing contained herein is, purports to be, or is intended as legal advice and you should seek legal advice before you act on any information or view expressed herein.

Although we have endeavoured to accurately reflect the subject matter of this article, we make no representation or warranty, express or implied, in any manner whatsoever in connection with the contents of this article.

No recipient or reader of this article should construe it as an attempt to solicit business in any manner whatsoever.

<sup>45</sup> Berties Song, Cannabis Taxes could generate \$106 Billion, Create 1 Million jobs by 2025, New Frontier Data, (Mar. 21, 2021, 2:04 PM), <a href="https://newfrontierdata.com/cannabis-insights/cannabis-taxes-generate-106-billion-create-1-million-jobs-2025">https://newfrontierdata.com/cannabis-insights/cannabis-taxes-generate-106-billion-create-1-million-jobs-2025</a>.

www.induslaw.com

Page 7 of 7

Bangalore Delhi Hyderabad Mumbai