CHAPTER – 1

Introduction

1.1. Introduction:

The perception of crime as “an economically important activity or ‘industry’”\(^1\) has gradually led to the emergence of numerous Economics of Crime studies. With the gaining of increasing attention by economists in the field of crime, the conventional notion of rationality has been challenged in many different ways. Criminals rationally commit offences and they examine the costs and benefits of a criminal activity and commit the crime only if the benefits outweigh the costs of it\(^2\). Drug addicts, too, trade-off against the adverse effects on future utility with the utility of the current consumption, which is rational\(^3\). Such economic approach has become the basis of most of the studies in Economics of Crime and other illegal activity behaviours. Among numerous crimes, drug related crimes have emerged as one of the most threatening crimes all over the world, given the intensity of its disastrous impact on different aspects of human life and also on the development of a

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\(^2\) *Ibid.*, 76.

nation. With the scope of Economics branching out to various unconventional areas and touching almost every field of study\(^4\), studies on illegal drugs too have become an important field of research; this is progressively gaining momentum.

In fact, the problems of drugs and addiction are an age-old one. Though social and economic research in this area is expanding rapidly in recent years, both national and international authorities have been seized with this for a long time. Many laws and conventions have been established both nationally and globally.

1.2. **Conventions on Drugs and Psychotropic Substances:**

Drug control is a global agenda. Concerted international efforts to tackle drugs related problems have led to the adoption of several treaties passed over the decades. These treaties viz., the Single Convention on Narcotic Drugs, 1961, Convention on Psychotropic Substances, 1971 and the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, continue to define the international drug control system. India is a signatory of all these conventions. Article 47 of the constitution of India also mandates that “the State shall endeavour to bring about prohibition of the consumption except

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for medicinal purposes of intoxicating drinks and of drugs which are injurious to health”. In keeping with the obligations under the three UN drug Conventions as well as Article 47 of the constitution, the Government of India adopted the Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985. This Act prohibits any activity to “produce, manufacture, possess, sell, purchase, transport, warehouse, use, consume, import inter-State, export inter-State, import into India, export from India or tranship any narcotic drug or psychotropic substance, except for medical or scientific purposes and in the manner and to the extent provided by the provisions of this Act or the rules or orders made there under and in a case where any such provision, imposes any requirement by way of licence, permit or authorization also in accordance with the terms and conditions of such licence, permit or authorization:” But “[d]espite these efforts, drug consumption has grown and its trade has flourished, while the efforts themselves have triggered a long train of unintended consequences, raising the possibility that the war against drugs causes more damage than the drugs themselves”5.

1.3. Relation Between Underdevelopment and Illegal Drugs:

The association of illegal drugs with underdevelopment is manifested in the literature of many studies of crime all over the world. Research in Economics has shown that production and trade in drugs are often concentrated

in economically backward and deprived regions; vibrant and disruptive drug market takes place in areas of “poor quality housing, lack of local employment or a bad reputation” and “where market had become established, they were an impediment to regeneration, damaging community confidence and adding to the poor reputation of the area.” There are numerous evidences showing the association between psychoactive drugs and poverty, inequality, unemployment and other economic backwardness. Factors that favour the illicit economy of the world’s two main opium producing countries, Afghanistan and Myanmar, are “internal and transnational conflicts, the disintegration of the state, ethnic contentions, religious strife, oppressive regimes, lack of economic development projects, low international prices of food crops and droughts.” Colombia’s marijuana heartland Macizo and its inhabitants were “the forgotten ones”, which had been “historically neglected by the national government and left out of the country’s steady progress”. In China, the peripheral regions in the southwest (Yunnan, Sichuan, Guizhou, Guangxi) and in the north (Qinghai, Ningxia, Xinjiang, Gansu) were the poorest and drug producing regions in the country. Bolivia, known for its coca production, too has been the poorest nation in South

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7 Ibid., 56
America. Poverty and inequality also characterised those countries that formed part of the cocaine trafficking routes out of South America. Central America, Mexico and the Caribbean countries all experienced economic adjustment, contraction and rising levels of unemployment in the late 1980s and 1990s and this increased the benefits associated with participation in the illicit drug trade. In southern Africa, the complex drug phenomenon and its enforcement seemed to have reproduced some of the features of ‘ethnic divides’ where the vast majority of those imprisoned for drug offenders come from the black and Latino communities, the poorest in the country. “On the other hand, in Mauritius, where most politicians and civil servants are of Indian background, most of those arrested for drug use and minor dealing are Creoles (i.e., Blacks), who are poor.”

Drug dealing and the evil that accompanies it are tolerated more in lower-class than in upper-class neighbourhoods and the drug crimes are much more concentrated in poorer neighbourhoods because the retail business is far more tempting to the poor than to the rich. These households belonging to vulnerable, poor and socially excluded groups also often suffer from related problems of unemployment, poor skill, low income, poor housing, high crime prevalence and bad health and family environments.

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14 Ibid., 411
This is a sure environment for aggravating the problems of marginalisation and discrimination\textsuperscript{16}.

There is also the argument that “drug trafficking poses a threat to the nation’s political system, but in the short run, it also contributes to economic recovery and rural peace”\textsuperscript{17}. In a country like Afghanistan, drug production and drug trafficking are important sources of finance to the terrorists while at the same time they constitute an important source of livelihood for many\textsuperscript{18}.

1.4. **Cannabis Sativa:**

The focus of this study is not on all the drugs as such. A wild grass known locally as *Ganja* in Manipur, and scientifically called *cannabis sativa*, is the focus of the study here. This grass grows abundantly in the mountains of Manipur, particularly in the mountain District of Ukhrul, and many people indulge in harvesting and illicit trading of it for its demands around the country and elsewhere.


Cannabis sativa is a genus of flowering plants indigenous to central Asia and South Asia\textsuperscript{19}. The plant is comprised of many constituents, of which delta 9 tetrahydrocannabinol (THC) is the main psychoactive constituents\textsuperscript{20}. This component makes the plant attractive for problem users to abuse it. It is estimated that there are between 119 million and 224 million cannabis users worldwide making cannabis the most widely used illicit substance in the world\textsuperscript{21}. For health concerns, its cultivation, use, sale and trade has been subjected to prohibition in most countries of the world. In India too, the plant cannabis and its derivatives fall under the purview of the NDPS Act 1985. In fact, Uruguay is the first and only nation that has legalised cannabis\textsuperscript{22}. However, apart from the legal restriction; cannabis has long been also used for fibre, for seed and seed oils and mainly for medicinal purposes.

1.4.1. Medicinal Cannabis\textsuperscript{23}:

Cannabis has been used for medicinal purposes for millennia around the world by a variety of cultures. The oldest documentation of cannabis as a pharmacologically active agent is said to be noted by the Chinese emperor

\textsuperscript{19} Mahmoud A. Elsohly. Marijuana and the Cannabinoids, New Jersey: Humana Press, 2007).
\textsuperscript{21} UNODC, World Drug Report, United Nations Publications (Sales No. E.12.XI.1)(2012)
\textsuperscript{23}Though this thesis is on Economics of the Cannabis, it might be of relevance to have some common knowledge of the medicinal aspects of the grass. No originality is claimed for the inputs in this portion.
Shen-Nung in the 28th century BC. Research into the benefits of medical marijuana by modern scientists began in the 1800's and William Brooke O'Shaughnessy of the Medical College in Calcutta is credited with the first research and introduction of the healing properties of marijuana to the Western medical community.

1.4.2. The Therapeutic Potential of Cannabis:

The use of cannabis as medicine became popular with its anticonvulsive, analgesic, anti-anxiety, and antiemetic properties known in the 19th century. Its medicinal extracts can alleviate previously intractable diseases and neurologically based symptoms including pain, muscle spasms and spasticity, impaired bladder control, reduced appetite and poor sleep. It has a therapeutic potential on patients suffering from cancer, arthritis, diabetes,


30 National Cancer Institute at the National Institute of Health, “Cannabis Pharmacology”, U.S. Department Of Health And Human Services. See also, Paola Massi, Angelo Vaccani, Stefania Ceruti,
epilepsy, HIV-AIDS, heart problem and diseases associated with inflammation. It also possesses medicinal significance against excitotoxicity and neurodegenerative diseases like Huntington disease and schizophrenia. Cannabidiol, which is non psychoactive, has a good tolerance and low toxicity by itself. This helps ease the potential side effects associated with the chronic


use of Delta 9-THC. The above studies show that side effects of cannabis which include hypotension and intoxication are well tolerated.

1.5. Legal Status of Cannabis in India and its Recent Trend:

Section 10 of the NDPS Act, 1985 read with section 8 of the Act empowers the State Governments to licence cultivation of cannabis for medical and scientific purposes. However, Medicinal use of cannabis in India has so far been extremely limited and state governments have not been licensing cultivation of cannabis. Moreover Section 14 of the NDPS Act empowers the Government to, by general or special order, permit cultivation of cannabis exclusively for horticultural and industrial purposes. However, given the limited and lack of evidence-based research on this, cannabis, which otherwise can be a source of production of biomass and fibre for industrial purposes, has been receiving limited importance in this area too. Thus, Cannabis has limited legal aspects both for medical and horticultural and industrial purposes. However, in the recent past, owing to the increasing international advancement in exploring the medical significance of cannabis by numerous scientists, there seems to be some development on the legal status of medical cannabis in India. Acknowledging the potential significance of Manipur in cultivation and production of ganja in the country, the Science and Technology Department,

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Government of India is reported to have asked and entrusted the officials of the Council for Scientific and Industrial Research (CSIR) posted in the State for a detailed report of the cultivation and production of ganja in Manipur. The suitability of climatic condition and soil, and its usage are to be examined so that its products could be considered for legalisation for medicinal uses.41

1.6. The Context and the Rationale of the Study:

Despite enormous efforts to contain the menace of illegal drugs, its use and trade have significantly increased over the years. Drug related issues are of increasing concern not only locally and nationally but internationally as well. But unless the problem is understood at the local level, solution to the issue could never be complete and possible. This is because the very nature of the problem demands administration and delivery of the solutions at the local and personal levels. Further, most of the preoccupations of the policy formulations so far have concentrated on national dimensions and giving scant attention to the specificities of space and demography.

Despite its numerous medicinal potential, ganja is one of the most abused drugs in the world. The paradox of its continued production and trade and the underlying related issues despite the illegality status demand detailed scrutiny and understanding. This is because of the varied social, familial, political and economic implications of the production and trade in it.

41 “Legalization of Ganja Production on the Card,” *Hueiyen Lanpao*, Imphal), September 7, 2013,
The study focuses on a region in Manipur. Manipur is a hub known for its drug production and drug trafficking. One factor contributing to this is its location near the infamous Golden Triangle encompassing the poppy growing areas of Myanmar, Thailand and Laos. As such, Manipur has been viewed as a transit point of trafficking different choices of illegal drugs. Cannabis sativa grown in Manipur is regarded one of the best in the world in terms of quality. Its quality is attributed to the favourable climatic conditions for its cultivation. Due to this natural comparative advantage, Manipur remains one of the biggest producers and origins of trade in it. The continued preference of participants in the production and trade to remain criminals is one competing factor that challenges the existing law of prohibition. The issue becomes more complex as it relates to the livelihood of the people in areas where the plant grows as it is in the region of present study.

However, it is found that no analytical examination has been done in this area in Manipur. The study attempts to fill the gap.

Still further, the region where the field study is carried out has not been academically explored in an intensive way from the perspective of Economics. It is believed that the real economic picture of a region can be captured only through such study.
1.7. **Brief Profile of Ukhrul District:**

Ukhrul district is one of the five hill districts of Manipur with a total geographical area of 4,544 square kilometres. It lies between 24.28 degree and 25.41 degree north latitudes and 94.45 degree and 94.80 degree east longitudes. The district shares borders with Myanmar in the east, Chandel in the south, Imphal East and Senapati in the west and Nagaland in the north. There are about 214 inhabited villages in the district. Tangkhul Nagas constitute the major bulk of population with some pockets of other tribes.

As per 2011 census, the district has a population of 183,998 comprising of 94,718 males and 89,280 females. The population growth rate of the district is 30.70 percent in 2011 as against 28.83 percent in 2001. It is the second least thinly populated district in the state the first being Tamenglong district. The population density of the district according to 2011 census is 40 persons per square kilometres as against 31 per square kilometres in 2001. It constitutes 7.16 percent of the total population of Manipur in 2011 compared to 6.14 percent in 2001. The sex ratio of the district rises from 916 in 2001 to 943 in 2011. Average literacy rate of Ukhrul in 2011 was 81.35 compared to 73.10 of 2001. Positive growth in literacy rate in both male and female accounted for 85.52 and 75.95 percent respectively as per 2011 census as against 81.1 percent and 65.5 percent respectively in 2001. Ukhrul ranks 4th in terms of literacy rate
out of total 9 districts of Manipur in 2011. Comparative distribution of demography categories in 2001 and 2011 is shown in Table 1.1

**Table 1.1**

Comparative Distribution of Demography Categories of Ukhrul District in 2001 and 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Actual Population</td>
<td>183,998</td>
</tr>
<tr>
<td>Male</td>
<td>94,718</td>
</tr>
<tr>
<td>Female</td>
<td>89,280</td>
</tr>
<tr>
<td>Population Growth</td>
<td>30.70%</td>
</tr>
<tr>
<td>Density/km</td>
<td>40</td>
</tr>
<tr>
<td>Proportion to Manipur Population</td>
<td>7.16%</td>
</tr>
<tr>
<td>Sex Ratio (Per 1000)</td>
<td>943</td>
</tr>
<tr>
<td>Average Literacy</td>
<td>81.35</td>
</tr>
<tr>
<td>Male Literacy</td>
<td>85.52</td>
</tr>
<tr>
<td>Female Literacy</td>
<td>76.95</td>
</tr>
</tbody>
</table>

Source: *Census 2011, Government of India (Office of the Registrar General of India)*

According to 2011 census, about 85 percent of the population in Ukhrul district resides in the rural areas. Sex ratio is found higher in the urban area (954) than in the rural areas (941). Average literacy including both male literacy and female literacy is also lower in the rural areas than in the urban areas. In terms of female literacy, the rate is more than 10 percent lower in the
rural areas (75.34 percent) then in the urban areas (86.04 percent). The distribution of demographic distribution between the rural and urban areas in Ukhrul is shown in Table 1.2.

Table 1.2

Proportion of Demographic Description of Ukhrul District between the Rural and the Urban Areas

<table>
<thead>
<tr>
<th>Description</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (%)</td>
<td>85.22 %</td>
<td>14.78 %</td>
</tr>
<tr>
<td>Total Population</td>
<td>156,811</td>
<td>27,187</td>
</tr>
<tr>
<td>Male Population</td>
<td>80,801</td>
<td>13,917</td>
</tr>
<tr>
<td>Female Population</td>
<td>76,010</td>
<td>13,270</td>
</tr>
<tr>
<td>Sex Ratio</td>
<td>941</td>
<td>954</td>
</tr>
<tr>
<td>Average Literacy</td>
<td>80.03 %</td>
<td>88.92 %</td>
</tr>
<tr>
<td>Male Literacy</td>
<td>84.45 %</td>
<td>91.68 %</td>
</tr>
<tr>
<td>Female Literacy</td>
<td>75.34 %</td>
<td>86.04 %</td>
</tr>
</tbody>
</table>

Source: Census 2011, Government of India (Office of the Registrar General of India)

The District consists of 7 Sub-divisions namely; Ukhrul, Chingai, Jessami, Phungyar, kamjong, Kasom Khullen and Lungchong Meiphai. These are co-terminus to 8 development blocks viz: Ukhrul, Chingai, Jessami, Phungyar, Kamjong, Kasom Khullen, Lungchong Meiphai, and Sahamphang. The district headquarters, Ukhrul, is linked with Imphal, the State capital by National Highway 150 with a distance of around 86 kilometres.
Agriculture is the main occupation of the people of Ukhrul. Majority of the people depends directly or indirectly on agricultural activities as a source of livelihood. Roads serve as the lifeline of the people of Ukhrul as no other means of transport and communication are available. The climatic condition of the district is temperately cool in most part of the year. As per the weather report of Directorate of Environment, Government of Manipur, the average maximum and minimum temperature recorded in 2014 is 27.98°C and 1.48°C respectively. It also recorded an average annual rainfall of 433.9 mm in 2014 whereas the average minimum relative humidity is 9.68 % (2014).

1.8. **Objectives of the study**

- To portray the economic features of ganja cultivation and its participants.
- To evaluate the motivations of ganja cultivators and their justifications for engaging in its cultivation.
- To study the intensity of cultivation and production of ganja.
- To estimate generation of income through ganja cultivation.
- To investigate the marketing system of ganja products.
- To examine the nature of drug law enforcement activities.

In short, the principal objective of the research is to study the positive and normative aspects of ganja cultivation and trade and its associated implications. The research work is confined only to the Ukhrul District of Manipur.
1.9. **Hypothesis:**

Ganja cultivation provides a stable source of income for the cultivators.

1.10. **Methodology:**

Researching in illegal activity is a sensitive issue. Data are extremely hard to obtain as the market participants have a strong tendency to conceal their activities. The study uses cross sectional data which are both qualitative and quantitative in nature. Qualitative data provides details on the structure of the crime not readily apparent from statistical analysis. Quantitative data would give the idea of scale, volume and other economic parameters.

1.10.1. **Sources of Data and Methods of Data Collection:**

The study is based mostly on primary data. There are not less than 20 villages engaging in cultivation of cannabis under Ukhrul district. However the extent of its cultivation varies from village to village. The villages can be generally classified mainly into two categories:

a) In some villages, the number of households participating in this activity is minimal and insignificant, and the period since they began engaging in this illicit cultivation has been only a few years.

b) Some villages have been intensely engaging in it as a form of traditional farming for more than five decades.
The survey for this study took place in one of the biggest villages in Ukhrul district of Manipur where massive cultivation of ganja has been going on. The name of the village has been kept anonymous in order to respect the privacy of the respondents who took part in the research and to avoid compromising the reputation and credibility of the village.

Here a word on the relationship between Cannabis cultivation and production and a researcher on it would be in place. The activity is largely done in a localised and small scale nature\(^ {42}\). This makes it difficult for outside researchers to observe the supply activity in a systematic way\(^ {43}\). In such cases, researcher known to the respondents sometimes becomes the only possible means to successfully obtain data particularly for illegal hidden activities\(^ {44}\). This is so because known and familiar persons find it easier to establish rapport with the participants in the activity.

The researcher belongs to the community where field survey was carried out. This gives a lot of advantage in terms of maintaining trust and communicability between the researcher and the respondents. Moreover, it makes it possible to ensure the respondents about the confidentiality of the information gathered. This, in turn helps the respondents feel freer to give their


information more accurately without reservations. Maintaining anonymity and avoiding exposure of the participants while researching an illegal market is an important aspect of such research works. For this reason, in some research works, the areas where the field surveys are carried out are given fictitious names\textsuperscript{45}.

The study underwent two surveys. Pilot survey was done in the month of March 2012 to test the feasibility of the interview schedule. The pilot survey helped to point out some of the irrelevant and inappropriate questions present in the initially prepared interview schedule. Thus, in the final round irrelevant portions were removed and every possible modification that was required was taken care of. The main fieldwork was carried out in the months between April and December of 2012. The data collected pertains to the year 2011. However, data relating to the law enforcing activities like arrest, raid and seizures covers the whole period of participants’ engagement in the cultivation and trade.

1.10.2. Sampling Technique:

Given the clandestine nature of the population involved in its cultivation and trade, truly random samples are beyond the reach of the study.

Snowball sampling technique becomes the most appropriate available method to investigate the phenomena of hidden and officially unrecorded behaviours of which only little is known. Snowball sampling technique is a technique where, after identifying few participants as the key respondents, the information of these respondents is used to locate another respondent. Using this technique, in-depth interviews were carried out with 110 ganja cultivators. The interview schedule is mostly structured and it contains both closed and open ended questions. However some element of unstructured feature is also present as some flexibility is maintained in the hour of interview when necessary. This helped in gaining detailed understanding of the work under study. To avoid obvious dangers of respondents manipulating the truth in order to suit their purpose, the questionnaire contained reliability and consistency checks for important areas with few questions repeated in slightly different ways at different points. Respondents were informed that the work was meant purely for academic purposes and that the anonymity of their identities would be strictly maintained. All respondents agreed to co-operate only after assuring anonymity of their identities.

The only secondary data used for the study are those collected on law enforcement activities in Ukhrul district from the Police Department, Ukhrul District.
1.11. **Organisation of chapters:**

Chapter I gives the overview of the whole thesis, exhibiting the background on which the work under study is based on. It introduces some aspects of Economics of Crime, the medicinal significance of cannabis and the relation between underdevelopment and illegal drugs. The objectives and hypothesis of the study and the methodology followed for the research work are also given here.

Chapter II exclusively deals with review of literature which is categorised into five sections. It reviews the economic theories of illegal drug markets; the organisation set up of drug markets; drug trafficking and its related issues; drug law enforcement policies; and why prohibition exists.

Chapter III shows and analyses the household characteristics and profile of the respondents.

Chapter IV deals with the cultivation and production of cannabis sativa. The motivations of cultivators and their justification for engaging in its cultivation are discussed. Moreover, it shows the intensity of its production by examining related variables. It also evaluates the generation of income from its production and trade.

Chapter V focuses on “ganja trade” – its network of marketing and the risks involved in it. It discusses the organisational set up of a local ganja
market, the procedures of ganja processing, the ways and modes of communication and transportation and the risks involved in it including the trusts and betrayals among themselves and also with external forces. A brief view of the drug law enforcement activities like raid, arrest, seizures and incarceration and others measures is also given.

Chapter VI summarises the conclusions and findings of the work. Possible policy interventions for facing the negative implications of the activity are made here.

1.12. Conclusion:

The days are gone when many scholars including Economists used to believe that crime studies do not fall under the domain of Economics. Rather, with the range of Economics touching almost every field of studies, crime studies too have captured an immense interest during the last few decades. The present study of Economics of cannabis forms an important aspect of such emerging areas of research. The Narcotic Drugs and Psychoactive Substances Act, 1985 prohibits the consumption, sale and cultivation of ganja. Despite its prohibition, the cultivation of ganja has been a significant economic activity in the Ukhrul district of Manipur for quite a few decades. Further, researches on the once limitedly-acknowledged therapeutic potential of cannabis have recently advanced significantly. The studies have provided immensely wide-
ranging results labelling cannabis as an alternative promising treatment for various diseases particularly where the conventional treatment has failed. Within development studies, literature and evidences show that there is a close association between production of illegal drugs and underdevelopment. In the present case, while cultivators’ preference to remain criminals poses an open challenge to the operation of the law prohibiting it, the issue of production gets complex as it relates to the livelihood of the people. At the backdrop of the given background, it becomes a prime necessity to evaluate the ground realities of the issues so as to identify the nature and extent of the problem.