



CBDC-Based Food Subsidy Distribution Pilot under PMGKAY to be Launched in Puducherry

Union Minister Shri Pralhad Joshi to inaugurate the pilot in the presence of Lt. Governor Shri K. Kailashnathan and Chief Minister Shri N. Rangasamy

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In a major step towards strengthening India's digital public infrastructure and enhancing transparency in subsidy delivery, the Government of India will launch a **Central Bank Digital Currency (CBDC)-based Food Subsidy Distribution Pilot** under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) in the Union Territory of Puducherry on 26th February 2026.

The pilot will be inaugurated by the Hon'ble Union Minister for Consumer Affairs, Food and Public Distribution, Shri Pralhad Joshi, in the presence of the Lieutenant Governor of Puducherry, Shri K. Kailashnathan; Chief Minister of Puducherry, Shri N. Rangasamy; and other dignitaries.

The digital rupee or e-rupee is a tokenised digital version of the Indian rupee, issued by the Reserve Bank of India (RBI) as a Central Bank Digital Currency (CBDC). The introduction of Central Bank Digital Currency (CBDC – Digital Rupee) offers **an opportunity to enhance the DBT ecosystem** by providing a secure, instant, traceable, and programmable digital cash mechanism for PMGKAY beneficiaries, thereby enabling smoother fund flow and reducing friction in availing entitlements.

The initiative marks a significant reform in the delivery of food subsidy through the Public Distribution System (PDS) by integrating the Digital Rupee issued by the Reserve Bank of India into the Direct Benefit Transfer (DBT) framework. **Under the pilot project, food subsidy will be credited to identified beneficiaries in the form of programmable Central Bank Digital Currency (CBDC) tokens directly into their CBDC wallets.** The tokens shall be redeemable exclusively for purchase of entitled foodgrains at authorized merchants & Fair Price Shops (FPS), thereby ensuring purpose-bound usage of subsidy and enhanced transparency.

The pilot is being implemented in coordination with the Government of Puducherry, the Reserve Bank of India, Public Financial Management System (PFMS), and designated banking partner, Canara Bank.

The CBDC-based Digital Food Currency initiative represents the next stage of digital transformation in India's food security ecosystem. It seeks to enhance transparency, efficiency, accountability, and beneficiary empowerment in subsidy delivery.

Following the implementation in Puducherry, the CBDC-based pilot will be expanded in a phased manner to cover additional beneficiaries and other Union Territories.

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