

Government of India Launches CBDC-Based Direct Benefit Transfer under PMGKAY in Chandigarh and Dadra & Nagar Haveli

CBDC-based DBT Marks a Significant Step in Digitalisation of the World's Largest Food Security Programme: Union Minister Pralhad Joshi

‘Har Dana, Har Rupya, Har Adhikar’: CBDC to Ensure Rightful Targeting and No Exclusion of Eligible Beneficiaries

प्रविष्टि तिथि: 14 AUG 2026 7:04PM by PIB Delhi



The Government of India launched the Central Bank Digital Currency (CBDC)-based Direct Benefit Transfer (DBT) under the **Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY)** in the Union Territories of Chandigarh and Dadra & Nagar Haveli. The programme was inaugurated by **Hon'ble Union Minister of Education, Consumer Affairs, Food & Public Distribution, and New & Renewable Energy, Shri Pralhad Joshi**, along with **Hon'ble Governor of Punjab and Administrator, U.T. Chandigarh, Shri Gulab Chand Kataria**, and **Hon'ble Union Minister of Rural Development, Agriculture and Farmers Welfare, Shri Shivraj Singh Chouhan**.

Under the new system, the food subsidy will be transferred directly into the beneficiary's **Digital Rupee wallet**, instead of a conventional bank account. The beneficiary can then use the purpose-bound digital subsidy to purchase foodgrains from **empanelled merchants** through a secure and traceable digital payment mechanism.

The system provides:

- **Instant transfer** of food subsidy;
- **Purpose-bound use** of the subsidy for foodgrains;
- **Digital records** of transactions for better traceability;
- Reduced dependence on **cash withdrawal and cash handling**;
- Greater transparency and monitoring of subsidy utilisation; and
- Easier digital payments for merchants.

The system has also been designed to improve accessibility. **Smartphone users can make payments through QR codes, while feature-phone users can access the facility through OTP-based mechanisms.**

Speaking on this occasion, Shri Pralhad Joshi, said that today marks a significant step in the digitalisation of the world's largest food security programme. He said the initiative has been designed to ensure no exclusion of eligible beneficiaries, with rightful targeting so that free ration reaches only those entitled to it, in the spirit of "**Har Dana, Har Rupya, Har Adhikar.**" He added that the objective is to ensure that every rupee reaches the eligible beneficiary, while middlemen are kept out of the system, and that the initiative is fully aligned with the broader framework of Digital Public Infrastructure.

He added that the DBT framework has led to savings of over ₹4 lakh crore by reducing leakages and ensuring direct transfer of benefits to the intended beneficiaries. He also mentioned ASHA- an AI Solution, under which 20 lakh calls are made to beneficiaries for feedback on the quality of food grains and whether they were receiving their entitlements as due and the complaints/feedback were sent to the States/UTs for the logical solutions. These reforms reflect the Prime Minister's vision of transparent, technology-enabled and middleman-free governance, where every rupee of public expenditure is directed towards its intended purpose and every eligible beneficiary is empowered to receive the benefits due to them. He said the CBDC-based initiative will take this journey forward by enabling funds to be credited to digital wallets and used at empanelled shops, with smartphone users able to scan QR codes and feature-phone users able to use OTP-based access.

Speaking at the event, Hon'ble Governor of Punjab and Administrator, U.T. Chandigarh, Shri Gulab Chand Kataria said that the introduction of CBDC has further strengthened the dignity and respect accorded to poor and vulnerable beneficiaries, while also benefiting merchants through a more transparent and efficient system. He noted that digitisation of the PDS has created minimal scope for pilferage and diversion, thereby ensuring that benefits reach the intended beneficiaries. He added that the broader reduction in poverty has been enabled by the combined impact of various Government welfare and development schemes, while stressing that it remains essential to ensure that benefits reach only those who are genuinely entitled.

Union Minister of Rural Development, Agriculture and Farmers Welfare Shri Shivraj Singh Chouhan said food security remains the first priority of the Government.

He highlighted India's improved foodgrain availability and said the country now has sufficient stocks to meet domestic requirements and also export foodgrains when required. Shri Chouhan said the **programmable nature of CBDC** will help prevent misuse of food subsidy and ensure that benefits reach the intended beneficiaries. He suggested that the initiative be expanded to other parts of the country so that more beneficiaries can benefit from the reform.

Highlighting the significance of the initiative, Hon'ble Minister of State for Consumer Affairs, Food and Public Distribution Smt. Nimuben Jayantibhai Bambhaniya, said that the Department has over the years undertaken a series of important reforms, including portability through One Nation One Ration Card (ONORC), and strengthened grievance redressal mechanisms, to build a more modern, transparent and beneficiary-centric Public Distribution System. She said that today the Government is providing free ration to more than 80 crore beneficiaries through the world's biggest food security programme, and that during the Covid period, these arrangements ensured that no poor person slept hungry. She added that the Government's efforts have also helped more than 25 crore people move out of poverty, and that ONORC has made the PDS more modern and transparent across States and Union Territories.

Explaining the significance of the launch, Secretary, Department of Food and Public Distribution, said that CBDC-based DBT is the next natural step in India's digital financial inclusion journey built on the JAM trinity- Jan Dhan accounts, Aadhaar and mobile phones. He said that more than 59 crore Jan Dhan accounts have been opened with deposits exceeding ₹3.10 lakh crore, and that on this foundation the country built UPI, which in July 2026 processed over 2400 crore transactions worth more than ₹30 lakh crore and accounted for nearly 49 percent of all real-time digital payment transactions globally.

With this launch, Chandigarh and Dadra & Nagar Haveli have become the first State/Union Territory in the country to operationalize food subsidy transfers to all eligible PMGKAY beneficiaries in the form of programmable Central Bank Digital Currency (CBDC - Digital Rupee) tokens directly into their CBDC wallets. The initiative builds on earlier pilots conducted in Gujarat and Puducherry. The CBDC-based food subsidy delivery pilot was first launched in Gujarat on 15 February 2026, followed by Puducherry on 26 February 2026. Drawing on the experience and learnings from these pilots, the Government of India has now expanded the initiative to Chandigarh and Dadra & Nagar Haveli.

Under this model, beneficiaries receive food subsidy directly into their CBDC wallets instead of conventional bank account transfers. The subsidy can then be used to purchase foodgrains from empanelled merchants through a secure, traceable and real-time digital payment mechanism. The system is designed to reduce leakages, diversion and cash handling, while enabling instant transfer of benefits and stronger monitoring of subsidy utilization.

The initiative is the first large-scale application of CBDC in Central Government welfare programmes. By combining the strengths of DBT with the capabilities of CBDC, the model seeks to ensure that public funds reach beneficiaries instantly and can be utilized for their intended purpose through a transparent digital mechanism.

The rollout is envisaged as a proof-of-concept for the nation and a scalable template for other States and Union Territories. It is expected to provide useful operational experience in integrating CBDC with welfare schemes and to support the Government's vision of strengthening Digital Public Infrastructure and delivering citizen-centric services through innovative technologies.

The CBDC-based initiative builds on a strong foundation of technology-led PDS reforms, including digitisation of ration cards and beneficiary databases, Aadhaar-based verification, ePoS authentication, online supply-chain management and nationwide portability under One Nation One Ration Card. With initiatives such as Rightful Targeting, SMART-PDS, NIRMAL, VLTS and SAKSHAM, the Government is further strengthening data-driven monitoring, transparency and last-mile delivery, paving the way for a more efficient, accountable and beneficiary-centric food distribution system.

(रिलीज़ आईडी: 2299535) आगंतुक पटल : 1685

इस विज्ञप्ति को इन भाषाओं में पढ़ें: Urdu , हिन्दी , Punjabi , Gujarati