

CBDC-based Direct Benefit Transfer (DBT) of food subsidies

Prelims: Current events of national and international relations | Economy

Why in News?

The Centre launched a Central Bank Digital Currency (CBDC)-based Direct Benefit Transfer (DBT) of food subsidies

- **Launched under** – [Pradhan Mantri Garib Kalyan Anna Yojana \(PMGKAY\)](#) in Chandigarh and Dadra & Nagar Haveli.

Chandigarh and Dadra & Nagar Haveli became the first UTs to implement the system at scale.

- It is the first large-scale use of CBDC in a Central Government welfare programme.
- **Process** –
- Eligible PMGKAY beneficiaries **receive subsidies directly in their Digital Rupee wallets** instead of conventional bank accounts.
- The subsidy is purpose-bound, meaning it can be used only to purchase food-grains from empanelled merchants.
 - Smartphone users – Payments through QR codes.
 - Feature-phone users – OTP-based payment mechanism.
 - CBDC enables real-time, secure and traceable transactions.
- **Key Objectives**
 - Ensure instant transfer of subsidies.
 - Reduce dependence on cash handling.
 - Prevent leakage, diversion and misuse.
 - Improve transparency and real-time monitoring.
 - Ensure subsidies reach beneficiaries without intermediaries.
- **Previous Pilots** – Experience from Gujarat, Puducherry pilots supported expansion to Chandigarh and Dadra & Nagar Haveli.
- **Builds on existing PDS reforms such as** –
 - Aadhaar-based authentication
 - Electronic PoS systems
 - Digitised ration cards and beneficiary databases
 - One Nation One Ration Card (ONORC)
 - Online supply-chain management

- **Significance**

- Integrates CBDC with welfare delivery and Digital Public Infrastructure.
- Provides a potential scalable model for other States and UTs.

- **Context** - More than 80 crore beneficiaries receive free foodgrains under PMGKAY.

- The initiative strengthens the JAM (Jan Dhan-Aadhaar-Mobile) ecosystem and aims to make food subsidy delivery more transparent, accountable and beneficiary-centric.

Reference

[DDIndia| CBDC-based food subsidy transfer](#)

