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Launch of India's First CBDC-based Public Distribution System (PDS) in Gujarat

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Union Home Minister Amit Shah inaugurated India's first Central Bank Digital Currency (CBDC)-based Public Distribution System (PDS) in Gandhinagar, Gujarat on 15 February 2026.

The initiative uses the **Reserve Bank of India (RBI)**-authorized digital currency (e-?) as digital tokens to transfer PDS subsidies transparently to beneficiaries' digital wallets.

Gujarat is the first state to implement this pilot, covering over 26,000 families in Ahmedabad, Surat, Anand, and Valsad.

Beneficiaries will access ration entitlements using QR codes or Aadhaar-based OTPs.

An 'Annapurthi Grain ATM' that dispenses up to 25 kg of grain in 35 seconds was also unveiled.

Key Features of the CBDC-based PDS Pilot

Digital Token Wallets: Beneficiaries get tokens specifying item, quantity, and price.

Transparency & Efficiency: The digital system aims to reduce corruption and leakages in PDS by creating real-time tracking of subsidy distribution.

No Intermediaries: Direct digital credit reduces intermediary involvement and enhances accountability.

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Educational Significance

Concept – What is CBDC?

Central Bank Digital Currency (CBDC) is the digital form of a country's fiat currency, issued and regulated by the central bank (in India, the RBI).

It is legal tender but exists only in digital form and can be stored in digital wallets.

Benefits of CBDC

Benefit: Explanation

Transparency: Digital ledger enables traceable transactions, reducing fraud.

Financial Inclusion: Provides access to digital currency without the need for a bank account.

Reduced Costs: Less reliance on physical cash saves printing and handling costs.

Real-Time Transfers: Instant delivery of subsidies or payments.

Other Relevant Developments

Expansion Plans: The CBDC-PDS model is slated for extension to Union Territories such as Chandigarh, Puducherry, Dadra & Nagar Haveli soon.

National Rollout: Experts estimate wider implementation could occur within 3–4 years as technical and operational readiness improves.

Digital India Link: This initiative aligns with the Digital India programme aimed at modernizing government services via technology.

Important Terms to Remember

Public Distribution System (PDS): Government scheme to provide foodgrains and essentials at subsidized rates to eligible citizens.

e-Rupee (e?): India's version of CBDC, functioning as digital currency backed by the RBI.

Programmable Digital Currency: Digital tokens that can be conditioned (e.g., for specific uses like food subsidy).

QR Code & OTP Authentication: Digital verification methods used for secure transactions without traditional cash exchanges.