

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA

UNSTARRED QUESTION NO. 5758

TO BE ANSWERED ON MONDAY, MARCH 30, 2026/ CHAITRA 09, 1948 (SAKA)

Integration of CBDC Tokens into Public Distribution System (PDS)

5758. Smt. Mahima Kumari Mewar:

Shri Chavan Ravindra Vasantao:

Shri P P Chaudhary:

Shri Dineshbhai Makwana:

Shri Jaswantsinh Sumanbhai Bhabhor:

Shri Mukeshkumar Chandrakaant Dalal:

Shri Dilip Saikia:

Shri Sudheer Gupta:

Shri P C Mohan:

Shri Tejasvi Surya:

Shri Dhairyasheel Sambhajirao Mane:

Shri Vishnu Dayal Ram:

Shri Manoj Tiwari:

Smt. Kamlesh Jangde:

Shri Bidyut Baran Mahato:

Shri Praveen Patel:

Shri Kota Srinivasa Poojary:

Smt. Shobhanaben Mahendrasinh Baraiya:

Dr. Sanjay Jaiswal:

Smt. Kamaljeet Sehrawat:

Shri Khagen Murmu:

Shri Shivmangal Singh Tomar:

Shri Anoop Pradhan Valmiki:

Dr. K Sudhakar:

Will the Minister of FINANCE be pleased to state:

(a) the manner in which the integration of programmable Central Bank Digital Currency (CBDC) tokens into the Public Distribution System (PDS) will ensure that subsidies are used only for foodgrains;

(b) the specific milestones that were reached in testing offline CBDC payments for transactions up to Rupees 2,000 in 2026;

(c) whether the Government plans to expand the e-Rupee pilot to all 36 States and Union Territories by 2027 including far flung areas of Dahod in Gujarat having limited internet connectivity, if so, the details thereof;

(d) whether interoperability between CBDC wallets and existing UPI QR codes has been implemented to facilitate merchant payments; and

(e) if so, the impact thereof on retail adoption among small merchants?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (c): The Government has launched a pilot project on the use of Central Bank Digital Currency (CBDC) in the Public Distribution System (PDS) in the State of Gujarat, covering the Sabarmati zone of Ahmedabad city, as well as in the urban areas of Surat, Anand, and Valsad districts. Pilot projects were also launched in the Union Territories of Chandigarh and Puducherry for the use of CBDC for DBT under Pradhan Mantri Garib Kalyan Anna Yojana. In the PDS pilot implementation in Gujarat, the CBDC has been programmed for the eligible foodgrain commodity, which can be used only at empanelled Fair Price Shops (FPS) in the state. Further, integration has also been done with the inventory management system of FPS to ensure commodity-wise reconciliation at the shop level stock positions. In the pilot projects in the Union Territories of Chandigarh and Puducherry, PDS beneficiaries can spend CBDC for purchasing eligible foodgrains from the grocery merchants onboarded for the purpose.

The e₹ pilot for the retail segment (e₹-R), i.e., for individuals, was launched on December 1, 2022 with four banks and four cities. At present, 19 banks and two non-banks are participating in the pilot and more entities are being on-boarded. Any individual across the country can start using e₹ by downloading the e₹ app from the Play Store or the App Store and by following the App instructions.

(b): Integration of offline functionality in selected bank wallets under controlled pilot environments has enabled testing of offline CBDC transactions in non-proximity and proximity-based offline functionalities. Non-proximity-based solutions are leveraging mobile network connectivity and have been implemented by two banks, viz. IDFC First Bank and Punjab National Bank, while proximity-based solutions utilising technology like Near Field Communication (NFC) are currently being tested by HDFC Bank, with a few other pilot banks developing the same.

(d): Yes. Interoperability between CBDC wallets and existing Unified Payments Interface (UPI) QR codes enables CBDC users to make payments by scanning standard existing UPI QR codes. This enables CBDC users to scan any UPI QR in the country, and even if the merchant is not onboarded on CBDC, the user's CBDC wallet will get debited, and the merchant's UPI-linked bank account will get credited.

(e): The interoperability with UPI QR codes has increased CBDC adoption/acceptance among small merchants by eliminating the need for additional hardware or onboarding processes. Since most small merchants already accept UPI payments, the ability to accept CBDC through the same QR codes has increased adoption among users.
