



## Subvention Scheme

[Source: IE](#)

Recently, the **Supreme Court** has provided relief to homebuyers in the **National Capital Region (NCR)** under the **Subvention scheme**.

- The **Supreme Court** has instructed banks not to take coercive action against individuals who have not received possession of their flats.
- **Subvention Scheme:**
  - In real estate, subvention schemes involve a **tripartite agreement between the buyer, banker, and developer**.
  - The **buyer pays 5-20% upfront**, while the bank loans the rest to the developer.
  - The developer pays the loan interest until the buyer takes possession, after which the buyer's EMI starts.
  - This scheme boosts sales for developers and delays EMI payments for buyers.
  - However, in the present case many builders have defaulted on these payments.
- **Subsidy:**
  - Subsidy is **direct financial assistance** provided **by the government or another entity** to **reduce the cost of a product or service** for the consumer.
  - This leads to a **decrease in the price of the product or service** for the consumer. For example, government subsidies on food grains, fertilizers, or fuel.

Read More: [Interest Subvention Scheme](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/subvention-scheme-2>