# Salary Advance

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**1.0 Objective**

**1.1** To provide monetary assistance in the form of salary advance to employees of the Unit to tide over sudden/ unforeseen expenses.

* 1. To standardize/lay down guidelines for proper processing of such requests from employees.
	2. To stipulate limits of monetary assistance to be provided in such cases
	3. To make employees aware of the rules on the subject.

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1. **Applicability**

**2.1** This Policy will be applicable to all employees on rolls including Company Trainees/Apprentices

1. **Salary Advance**

**3.1** Salary advance is a form of financial assistance given to an employee who is in immediate need of money to tide over sudden/unforeseen expenses in his personal front. The advance to be granted to the employee under the given circumstances will be linked to his monthly stipend/wages/salary

**4.0 Circumstances for grant of Salary Advance**

**4.1** The reasons for grant of the advance will be as follows:

* Sickness- self/dependent family members requiring hospitalization or prolonged treatment
* Marriage - self/ son/daughter/dependent brother/sister.
* Ceremonies - necessitated due to death of any immediate dependent family member or birth of child or any other social function where the community is associated.
* Any other reason of grave nature or calamity resulting in sudden/unforeseen expenditure for which immediate monetary assistance is called for.

**4.2** In every case, the employee has to give adequate evidence and the concerned HOD/HR Head have to be satisfied with the genuineness of the cause/reasons for which the advance is being sought by the employee.

 **5.0 Eligibility and Limits of Advance**

 Eligibility and limits of salary advance will be as per the following norms.

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| **S.No** | **Eligibility** | **Amount of Advance** |
| **a)** | **Employees with less than 6 months service in the Company** | **Not eligible for advance**  |
| **b)** | **Employees with 6 months to 3 years service in the Company** | **One month net pay for every six completed months of service subject to a maximum of 2 months net pay** |
| **c)** | **Employees with more than 3 years service in the Company** | **Up to 3 months net pay** |

**6.0 Other Conditions for grant of Salary Advance**

**6.1** The employee requiring the advance should have worked for at least 10 days immediately preceding the date of application for advance, to be certified by Personnel department for which salary/wages is payable to him.

**6.2** Net Pay would mean the wages/salary drawn by the employee in the immediately preceding month after effecting all deductions i.e. take home pay. The wage/salary slip of the employee for the immediately preceding month will be checked for the purpose.

**6.3** While the ceiling limit of advance has been stipulated in column 3 above, the advance to be granted will be further limited to condition stipulated in clause 6.3.

 **6.4** Where ever required, reasons for the advance should be backed by proof to be produced, if required by the HOD/sanctioning authority.

**6.5** The advance will be granted to the employee not more than twice in a calendar year with a minimum interval of 5 months between two such payments.

**6.5** For the second advance to be granted, the employee should have repaid the advance earlier granted.

 **6.6** Application for salary advance will be made by the employee in the standard format available with Personnel department. The employee must ensure that he has provided all information required in the application together with such proofs as called up while applying for the advance. Properly filled applications will help in quick processing of cases resulting in early grant of advance.

**6.7** The application form would contain an undertaking to be signed by the employee concerned authorizing the recovery of the amount of advance granted to him installments & from his bonus/ex gratia/incentive payable to him and also that in the event of his quitting service, he would undertake to repay any balance amount outstanding against him or that the amount can be recovered from his full & final settlement.

**6.8** The application for advance has also to be completed by a surety who should be an employee on the rolls of the Unit & eligible for salary advance. Only one person can stand surety for an employee at any time. The surety shall give an undertaking that in the event of the applicant failing to repay the salary advance, the outstanding amount shall be recovered from the surety.

**6.9** The sanction of advance will be subject to budget provision and availability of funds to be determined and regulated by Accounts.

**6.10** Provisions of Income Tax law or any other Law, if any, as amended from time to time, on the matter of salary advance will be complied with as applicable.

1. **Recovery of Advance**
	1. The first advance granted will be interest free. The second advance, if granted, will carry simple interest of 5 %.
	2. The advance granted will be recovered from the salary/wages/stipend of the employee in not more than 3 equal instalments commencing from the immediately succeeding month’s salary/wage. Where the advance carries interest, the instalment amount to be recovered will be inclusive of interest.
	3. The recovery of the advance will be regulated in such a manner that the employee after this additional deduction would have at least 25% of his gross wages as take home. Thus, this factor will also be taken into account by the sanctioning authority while deciding on the quantum of advance to be granted to the employee.

**8.0 Processing of Applications**

**8.1** **Step 1:** Employee to fill up application form complete in all respects and submit to HOS/HOD concerned. The application form shall be signed by the surety.

**Step 2:** HOS/HOD will satisfy himself on genuineness/reasonableness of the request, make his recommendation and send to Personnel department.

**Step 3:** Personnel Department will scrutinize the application with respect to the Policy guidelines. If the request is found to be in order, it will send to Head – Personnel for approval.

**Step 4:** Head – Personnel will accord approval in the format and return to Personnel Department for making necessary entries in their system before sending the approved application to accounts. Where ever the approval of Plant Head is required, Head – Personnel after his endorsement will send the application to PH for his approval. Upon approval of PH, the application will be returned to Personnel Department for making necessary entries in their system after which it will be sent to Accounts.

In the case of workmen category, the applications can be approved by Head-Personnel. In the case of Executives, the approving authority will be Plant Head. In the case of Executives in the level of Manager and above, the application has to be sent to Madurai for approval. Where exceptions will have to be made for clearing applications, such cases will be put up to the next higher authority for approval. In other words, if an exception has to be made in the case of request for salary advance made by a workman category person, the approving authority will be Plant Head and so on & so forth.

**Step 5:** Accounts department will satisfy themselves that the application has been processed properly. Subject to availability of funds, Accounts will arrange to remit the approved amount of advance

**Step 6:** In cases where the amount could not be sanctioned, the employee will be informed about it by Personnel department and the application returned to him through his HOD/HOS.

**8.2** The request for advance will be processed and approved within 2 days of receipt of application in Personnel department. The amount will be remitted to the employee concerned within 3 days of date of approval subject to availability of funds.Where the requirement of the advance is urgent and needs immediate response, the remittance will be made earlier provided it is recommended by Personnel Department.Such cases shall be few and far between.

**8.3** No advance will be sanctioned nor paid to the employee on the last two days of the month. Advances will be paid preferably after the 10th of the month subject to clause 5.3 above. Exceptions to the above would need the approval of Head-Personnel/PH, as the case may be.

**9.0 Remittance of Advance**

**9.1** All salary advances will be remitted to the employee concerned by bank transfer in respect of those having bank account or if the advance amount is Rs.10,000 and above. In respect of others, it will be paid in cash and receipt obtained by Accounts.

**9.2** In case an employee exits from the Unit prior to the repayment of the advance drawn by him, the balance amount will be adjusted against his full and final settlement. This would include adjusting the amount against his leave salary. If there is still some advance amount outstanding against him, the employee will be advised to remit the sum before a relieving order is issued to him. Even after this, any outstanding amount will be recovered from the surety after informing him in advance.

**9.3** The recovery of the advance will commence from the month immediately succeeding the month in which the advance is sanctioned. The amount will be recovered from the salary/wages/stipend of the employee concerned.

**10.0 Miscellaneous**

**10.1** The intent of this Policy is to help the employee tide over an emergency situation and is to be considered as a welfare measure. Misuse of this Policy will result in disciplinary action against the employee besides debarring him from such advance in future.

**10.2** This Policy will be in force till ---------- and will be reviewed for changes, if any. It is also liable to be withdrawn by the management at any time without notice & without assigning any reasons.

**10.3** The Policy does not confer any right what so ever on the employee to salary advance nor is it part of terms and conditions of his service. The final decision to grant or not to grant salary advance will rest with the management.

**10.4** Any deviation from the provisions of the guidelines would require the approval of Plant Head.

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| Annexure I

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| **COMPANY NAME** |

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| **Salary Advance Application Form** |
| **To be filled by Applicant**  |
| Employee Name: |   |
| E.Code: |   | Designation: |   |
| Department / Module: |   | Date of Joining: |   |
| Gross Salary (Rs) |   | Take Home Salary (Rs) |   |
| Purpose of Advance |   |
| Amount applied (Rs) |   | No. of Installments (for recovery) |   |
| **Previous Advance Details**  |
| Previous advance availedon \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Sanctioned Advance Amount (Rs) \_\_\_\_\_\_\_\_\_\_\_\_\_ | Whether recovered in fullYes / No |
| **Undertaking** |
| 1. I have read & understood the Policy / Rules for grant of advance framed by the Company & agree to abide by them. 2. I authorize that the advance granted to me may be recovered in \_\_\_\_\_\_\_\_\_ installments from my Wages / Salary from the immediately succeeding month.3. I authorize that any outstanding amount of advance may be recovered from any amount due to me or from my full & final settlement.4. I hereby undertake to repay to the Company any outstanding amount after recovery as per 3 above.5. I hereby agree that in the event of my failure to repay the entire advance granted to me, the outstanding amount may be recovered from my Surety. 6. I undertake to use the advance only for the purpose for which it is granted.  |
| **Signature of Applicant with date:** |
| **Details of Surety** |
| Employee Name: |   |
| E.Code: |   | Designation: |   |
| Department / Module: |   | Date of Joining: |   |
| **Undertaking** |
| 1. I hereby stand Surety for Mr.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. 2. If the applicant defaults in repaying the advance amount to the company, I hereby undertake to bear the liability towards the same & I hereby authorize the company to recover the outstanding amount from by Wages/Salary. |
| **Signature of Surety with date:** |
| **For use in Concerned Department** |
| Recommended and forwarded to Personnel Department for further action. |
| **Signature / Date :(Head of Function)** |  | **Signature / Date :(Head of Department)** |  |
| **P.T.O** |

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| **For use in Personnel Department** |
| No. of Years of Service of Applicant |   | His Attendance record of last one Year (LOP details) |   |
| His Disciplinary record | Satisfactory / Not Satisfactory |
| Particulars verified and found in order. Eligible / Not Eligible for Advance. Advance of Rs. \_\_\_\_\_\_\_\_\_\_\_\_\_\_may begranted. To be recovered in \_\_\_\_\_\_\_ installments at the rate of Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ per month from the salary/wages from the month of \_\_\_\_\_\_\_\_\_\_\_\_.  |
| **Signature of Executive with date :** |   |   |
| **Approval**  |
| Approved Advance of Rs. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. To be recovered in \_\_\_\_\_\_\_\_ installments. |
| **Signature of Head Personnel with date** | **Signature of Plant Head with date** |
| **For Use in Accounts Department** |
| Passed for payment of Rs. \_\_\_\_\_\_\_\_\_\_\_\_\_. Amount paid by Cash/Cheque number \_\_\_\_\_\_\_\_\_\_\_\_ dated on \_\_\_\_\_\_\_\_\_. Recovery to be effected from \_\_\_\_\_\_\_\_\_\_\_\_.  |
| **Signature of Executive with date**  | **Signature of Manager Accounts with date** |
| **Receipt by Applicant** |
| Received Advance of Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in Cash/Cheque bearing number \_\_\_\_\_\_\_\_\_\_\_\_\_ dated \_\_\_\_\_\_\_\_\_\_\_ |
| **Signature of the Applicant with date** |