



CREDIT & ADVANCES POLICY

Ensuring Responsible Financial Assistance

Effective Date: February 2026

naturetrust.org.in

This **Credit & Advances Policy** for **Nature Trust** is designed to manage the temporary disbursement of funds for operational needs or staff welfare while ensuring the Trust's charitable status is protected.

It aligns with the **Income Tax Act, 1961** (which strictly prohibits "interested persons" from benefiting from Trust funds), the **Constitution of India**, and the **Government of Tamil Nadu** guidelines for financial prudence in NGOs.

Credit & Advances Policy

Organization: Nature Trust

Effective Date: February 10, 2026

Primary Principle: Financial resources are held in public trust and must be primarily used for disability welfare and the Trust's stated objectives.

1. Objective and Scope

This policy governs the issuance of financial advances to employees and volunteers for:

- **Operational Expenses:** Fieldwork, therapy supplies, and event management.
- **Staff Welfare:** Urgent personal or medical emergencies.
- **Note:** Nature Trust does **not** provide credit or loans to external parties, trustees, or for-profit entities.

2. Constitutional & Legal Alignment

- **Article 14 (Equality):** All staff members, regardless of rank, have equal right to apply for advances under the same transparent criteria.
- **Income Tax Compliance (Sec 13(1)(c)):** No advance or credit shall be extended to Trustees or their relatives, as this would jeopardize the Trust's tax-exempt status.
- **Dignity of Labour (Article 21):** Ensuring staff have access to emergency funds reinforces a dignified and supportive work environment.

3. Operational Advances

Advances for Trust activities (e.g., conducting a "Drama Therapy" workshop or purchasing specialized education materials) are permitted under the following conditions:

- **Request:** Must be submitted 7 days in advance via an "Advance Request Form."

- **Settlement:** Full bills and the remaining balance must be submitted within **10 working days** of the completion of the activity.
- **Pending Advances:** No new advance will be issued if a previous operational advance remains unsettled.

4. Staff Salary Advances

Nature Trust recognizes that employees may face unforeseen financial hardships.

- **Eligibility:** Only permanent employees who have completed at least **6 months** of service.
- **Limit:** Maximum of **50% of one month's net salary**.
- **Frequency:** Only once in a six-month period.
- **Recovery:** The amount will be deducted from the next month's salary or in a maximum of **3 equal installments**, as agreed upon.

5. Emergency Medical Advances

In cases of critical illness or accidents involving an employee or their immediate family:

- The Managing Trustee may authorize a higher advance amount.
- These are processed within **24 hours** as a priority.

6. Prohibitions and Restrictions

- **No Interest:** Nature Trust is a charitable entity; no interest shall be charged on staff advances.
- **No Third-Party Credit:** The Trust shall not stand as a guarantor for any personal loans taken by staff from banks or external lenders.
- **Recovery on Exit:** Any outstanding advance must be cleared before the "No Dues Certificate" is issued at the time of resignation.

7. Accountability and Reporting

- **Documentation:** The Accountant shall maintain a "Credit & Advance Ledger."
- **Board Review:** A summary of all outstanding advances will be presented to the Board of Trustees every quarter.
- **Non-Settlement:** Failure to settle operational advances within the stipulated time may lead to disciplinary action or deduction from the employee's salary.