OBC Creamy Layer

Mains: *GSII – Polity and Governance*

Why in News?

Recently the Supreme Court, on November 6, 2026, reaffirmed its March, 2026 judgment on determining the creamy-layer status of Other Backward Classes (OBCs).

What is the OBC Creamy Layer?

- **Meaning** – The relatively advanced sections among OBCs who are excluded from reservation benefits to ensure that benefits reach socially and educationally disadvantaged sections.
- **Introduction** – Based on the recommendations of the B.P. Mandal Commission and the Supreme Court's judgment in ***Indra Sawhney v. Union of India (1992).***
- **Constitutional Basis** – ***Articles 15(4), 15(5) and 16(4)*** enable special provisions and reservation for socially and educationally backward classes.
- **Income Limit** – The existing creamy-layer income ceiling is ₹8 lakh per annum, subject to applicable status-based criteria.

What was the March 11, 2026 Supreme Court Judgment?

- **Background** – The case arose when OBC candidates selected through the Civil Services Examination were denied OBC-NCL benefits
    - Because their parents' salary income from PSUs and other organisations was considered.
- **Verdict** – The Supreme Court rejected this mechanical approach and upheld the 1993 Office Memorandum.
- **Key Observations** –
    - Parental salary and agricultural income are excluded from the common income/wealth pool under the 1993 OM.
    - Creamy-layer determination is primarily status-based rather than purely income-based.
    - The category and status of the posts held by parents must be considered.
    - The 2004 clarification cannot introduce conditions absent from the original 1993 framework.

What is the Role of the 1993 OM and 2004 Clarification?

- **1993 Office Memorandum**
  - Issued by the Department of Personnel and Training (DoPT).
  - Established criteria for identifying the creamy layer among OBCs.
  - Excluded salary and agricultural income from the income/wealth test under the relevant provisions.
  - Recognised the importance of parental service status and occupational categories.
- **2004 Clarification**
  - Issued to clarify the application of creamy-layer criteria, particularly concerning employees of PSUs and other organisations.
  - The Supreme Court held that it cannot override or introduce substantive conditions beyond the 1993 OM.
  - Salary income alone cannot be the basis for excluding candidates without considering the relevant post-category and status criteria.

What Did the Supreme Court Clarify on November 6, 2026?

- **Key Directions** –
- **No Retrospective Reopening** – Completed selections, appointments, promotions and service allocations need not be reopened.
- **Pending Claims** – Similarly placed candidates can approach relevant courts, tribunals or authorities for consideration on their individual merits.
- **Future Selections** – Selections and appointments made after March 11, 2026, must follow the 1993 OM as interpreted by the Court.
- **CSE 2025** – The judgment applies to service allocation of CSE 2025 candidates, as allocations were not finalised when the March judgment was delivered.
- **Implementation** – The Court declined the Centre's request for two years to establish equivalence of posts and extended the compliance period by two months.

What is the Significance of the Judgment?

- **Social Justice** – Prevents exclusion of eligible OBC candidates merely because of parental salary income.
- **Substantive Equality** – Recognises that social advancement and occupational status cannot be determined through income alone.
- **Uniform Application** – Promotes consistent implementation of creamy-layer criteria across government and PSU employees.
- **Reservation Benefits** – Strengthens the objective of ensuring reservation benefits reach genuinely disadvantaged OBC sections.
- **Legal Certainty** – Clarifies the relationship between the original 1993 framework and subsequent administrative interpretations.

What are the Challenges Ahead?

- **Administrative Ambiguity** – Determining equivalence between government and PSU posts remains complex.
- **Implementation Issues** – Different organisations may have varying service structures and pay scales.

- **Identification Difficulties** – Accurate assessment of parental occupational status requires clear guidelines.
- **Policy Coordination** – Effective implementation requires coordination between the Centre, DoPT and recruiting authorities.

What lies ahead?

- The Supreme Court's clarification reinforces that OBC creamy-layer exclusion cannot rest solely on parental salary.
- A status-based approach, consistent with the 1993 Office Memorandum, is essential to uphold substantive equality and ensure equitable distribution of reservation benefits.

Reference

The Hindu| SC clarification on OBC NCL

