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OBC CREAMY LAYER CRITERIA

Supreme Court Clarifies its Earlier Verdict

OBC Creamy Layer Criteria: Latest News

The Supreme Court reaffirmed its earlier judgment of March 11, 2026, on determining the creamy layer status of Other Backward Classes (OBCs). The gross annual family income threshold has remained ₹8 lakh since 2017.

The Court clarified that parental salary and agricultural income cannot be mechanically included in the income/wealth test for determining OBC non-creamy layer (NCL) status.

However, it restricted the retrospective implications of its judgment, making it clear that the ruling does not require a blanket reopening of completed recruitment processes, appointments or service allocations.

The clarification followed an application by the Union government seeking directions on implementing the March judgment, particularly in relation to Civil Services Examination (CSE) candidates.

1. Background: What Was the Previous Judgment?

- The judgment addressed the interpretation of the Department of Personnel and Training (DoPT) Office Memorandum (OM) of 1993 and its subsequent clarification in 2004.
- The dispute arose after certain OBC candidates who had cleared the Civil Services Examination were denied consideration under the OBC-NCL category.
- Their parents' salary income, particularly from PSUs and other organisations, had been considered for determining creamy layer status.
- The Supreme Court rejected the mechanical exclusion of candidates solely on the basis of parental salary.
- It held that creamy layer determination must consider the status and category of the post held by the parents, rather than relying exclusively on income thresholds.
- The 2004 clarification could not introduce substantive restrictions absent from the original 1993 OM.

2. Key Judicial Interpretation

- The 1993 OM consciously excludes salary income and agricultural income from the common pool used for the income/wealth test.
- Creamy layer exclusion is primarily status-based rather than purely income-based, reflecting the social advancement associated with higher positions in the service hierarchy.

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- Determination solely through income brackets, without considering the prescribed post categories and status parameters, is legally unsustainable.
- The Court dismissed the Union government's appeals and directed reconsideration of the claims of the respondents and intervenors within six months.
- The government had also assured the Court that supernumerary posts could be created wherever necessary to accommodate eligible candidates.

3. Supreme Court's Clarification in the Recent Ruling

No Reopening of Completed Selections

The March judgment does not require reopening of selections, appointments, promotions, cadre allocations or seniority positions already finalised before March 11, 2026.

Pending Claims to Be Examined Individually

Similarly placed candidates whose claims are pending before courts, tribunals or competent authorities can seek consideration under the principles laid down in the March judgment.

The November order does not automatically grant retrospective reservation benefits to every similarly placed candidate.

Applicability to Subsequent Recruitments

All selections, appointments and roster-point allotments made after March 11, 2026, concerning OBC reservation and creamy layer exclusion, must follow the 1993 OM as interpreted by the Supreme Court.

Government's Request for Two Years Rejected

The Centre sought two years to establish equivalence between posts in PSUs and other organisations and government posts. The Court declined to prescribe any timeline, observing that framing such reservation policies falls within the domain of the executive and legislature, subject to constitutional principles.

4. Implications for Civil Services Examination (CSE) 2025

- The CSE 2025 results were declared on March 6, 2026, five days before the March 11 judgment. However, service allocation had not been finalised when the judgment was delivered.
- The Centre had sought permission to complete the allocation process using the earlier criteria.
- The Supreme Court rejected this request, holding that there was no reasonable justification for delaying implementation of its March judgment.
- Consequently, OBC candidates selected through CSE 2025 will receive service allocation according to the creamy layer principles laid down in the March judgment.

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- The Court also extended the deadline for compliance with its March judgment by two additional months.

5. Significance of the Judgment

Substantive Equality

Prevents mechanical exclusion of OBC candidates solely on the basis of parental salary, without examining the applicable post-status criteria.

Social Justice

Reinforces the constitutional objective of ensuring that reservation benefits reach genuinely disadvantaged sections.

Legal Certainty

Distinguishes the binding force of a judicial precedent from the scope of relief granted to individual litigants.

Administrative Stability

Protects completed recruitment, appointments and seniority arrangements from automatic reopening.

Federal and Institutional Implications

Provides a legal framework for authorities and States following the 1993 OM while leaving policy formulation to the competent governments.

6. Way Forward

Uniform Policy Framework

The Centre should establish transparent criteria for determining equivalence between government and non-government posts.

Inter-ministerial Coordination

DoPT should coordinate with relevant ministries, PSUs, banks and State governments to resolve implementation-related ambiguities.

Transparent Assessment

Develop clear guidelines distinguishing status-based exclusion from the income/wealth test.

Time-bound Grievance Redressal

Ensure timely consideration of pending claims to prevent prolonged litigation and uncertainty among candidates.

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7. Conclusion

The Supreme Court's November 2026 clarification strikes a distinction between protecting the rights of eligible OBC candidates and preserving the finality of completed administrative decisions.

OBC Creamy Layer Criteria

Supreme Court Ruling and CSE 2025

OBC Creamy Layer – Latest News

On November 6, 2026, the Supreme Court clarified its March 11 ruling that parental salary alone cannot determine the creamy-layer status of OBC candidates whose parents work in PSUs and private-sector organisations.

Understanding the OBC Creamy Layer

The creamy layer refers to relatively advanced sections within the Other Backward Classes (OBCs) who are excluded from reservation benefits.

The principle was introduced in the landmark Indra Sawhney v. Union of India (1992) judgment to ensure that reservation benefits reach the genuinely disadvantaged sections.

Creamy-layer identification considers several factors, including:

- *Status and category of parents' employment.*
- *Constitutional and senior government positions.*
- *Professional and business status.*
- *Prescribed income and wealth criteria.*

Background: The 1993 and 2004 DoPT Orders

The Department of Personnel and Training (DoPT) issued an Office Memorandum in September 1993 establishing the criteria for identifying the OBC creamy layer.

The framework excluded salary and agricultural income from the income/wealth test. However, a clarification issued on October 14, 2004, provided for consideration of salary income of parents employed in PSUs and private-sector organisations.

Its implementation, particularly from the Civil Services Examination (CSE) 2015, resulted in nearly 100 OBC candidates facing rejection of their caste certificates despite clearing the examination.

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Their parental salary was considered without adequately examining the status and category of their parents' posts.

Supreme Court Judgment: March 11, 2026

In Union of India v. Rohith Nathan (2026), the Supreme Court held that parental salary or income alone cannot determine the creamy-layer status of candidates whose parents work in PSUs and private-sector organisations.

The Court emphasised that:

- *The status and category of the parent's post must be considered.*
- *Equivalence with government positions, including Group A, B, C and D categories, is relevant.*
- *The prescribed income/wealth criteria must be applied in accordance with the 1993 Office Memorandum.*
- *Exclusion based solely on parental salary, without considering the status of the post, may amount to hostile discrimination.*

The Court directed retrospective implementation for the candidates who were parties to the proceedings and intervenors, including through the creation of supernumerary posts where necessary.

Supreme Court's Clarification: November 6, 2026

The Union government sought additional time to implement the March ruling, citing administrative difficulties and the possible disruption of completed appointments and service allocations.

The Supreme Court granted an additional eight weeks and clarified the scope of its earlier judgment.

Key Implications

- *CSE 2025: The ruling will govern service allocation for eligible OBC candidates selected through CSE 2025, as the allocation process was still pending.*
- *Indian Forest Service: The clarification also covers the 148 candidates selected for the Indian Forest Service Examination.*
- *Existing appointments: Completed selections, appointments, seniority positions and service allocations will not automatically be reopened.*
- *Pending cases: Similarly placed candidates with cases pending before courts, tribunals or competent authorities may seek consideration on their individual merits.*
- *Future selections: Selections and appointments after March 11, 2026, must follow the 1993 Office Memorandum as interpreted by the Supreme Court.*

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Constitutional Significance

Article 14: Prevents arbitrary discrimination between similarly situated candidates employed in government, PSUs and private organisations.

Article 16(4): Enables reservation in public employment for backward classes that are inadequately represented in State services.

Article 141: Makes the law declared by the Supreme Court binding on all courts in India.

The ruling seeks to ensure that creamy-layer exclusion is based on relevant social and occupational status rather than parental salary alone.

Income Ceiling and Policy Challenges

The OBC creamy-layer income ceiling has undergone revisions over the years and has remained at Rs. 8 lakh per annum since 2017.

However, income is only one component of the framework. Several challenges remain:

Post-equivalence: Clear criteria are needed to compare positions across government services, PSUs and private organisations.

Policy consistency: Different treatment across employment sectors creates uncertainty for candidates.

Income ceiling revision: The unchanged Rs. 8 lakh threshold raises questions about periodic review.

Administrative implementation: Authorities require transparent procedures to apply the revised interpretation consistently.

Way Forward

Establish objective criteria for equivalence of posts across different employment sectors.

Issue clear DoPT guidelines to prevent arbitrary exclusion of eligible candidates.

Review the income and wealth criteria periodically.

Ensure uniform implementation while protecting completed appointments and service allocations.