



# Cabinet approves equivalence of posts in Central Public Sector Undertakings (PSUs), Banks, Insurance Institutions with Posts in Government so that the children of those serving in lower categories in PSUs and other institutions can get the benefit of OBC reservations

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The Union Cabinet chaired by Prime Minister Shri Narendra Modi has given its approval to the norms for establishing equivalence of posts in Government and posts in PSUs, PSBs etc. for claiming benefit of OBC reservations. This addresses an issue pending for nearly 24 years. This will ensure that the children of those serving in lower categories in PSUs and other institutions can get the benefit of OBC reservations, on par with children of people serving in lower categories in Government. This will also prevent children of those in senior positions in such institutions, who, owing to absence of equivalence of posts, may have been treated as non Creamy Layer by virtue of wrong interpretation of income standards from cornering government posts reserved for OBCs and denying the genuine non creamy layer candidates a level playing field.

The Union Cabinet also approved the increase in the present income criterion of Rs. 6 lakh per annum for applying the Creamy Layer restriction throughout the country, for excluding Socially Advanced Persons/Sections (Creamy Layer) from the purview of reservation of Other Backward Classes (OBCs). The new income criterion will be Rs. 8 lakh per annum. The increase in the income limit to exclude the Creamy Layer is in keeping with the increase in the Consumer Price Index and will enable more persons to take advantage of reservation benefits extended to OBCs in government services and admission to central educational institutions.

These measures are a part of the Government's efforts to ensure greater social justice and inclusion for members of the Other Backward Classes. The Government has already introduced in Parliament, a bill to provide Constitutional status to the National Commission for Backward Classes. It has also decided to set up a Commission, under section 340 of the Constitution, to sub categorize the OBCs, so that the more backward among the OBC communities can also access the benefits of reservation for educational institutions and government jobs. All these decisions, taken together, are expected to ensure greater representation of OBCs in educational institutions and jobs, while also ensuring that the more under-privileged within the category are not denied their chance of social mobility.

## **Background:**

In its judgment dated 16.11.1992 in WP(C) 930/1990 (IndraSawhney case) the Supreme Court had directed the Government to specify the basis, for exclusion of socially and economically advanced persons from Other Backward Classes by applying the relevant and requisite socio-economic criteria.

An Expert Committee was constituted in February 1993 which submitted its report on 10.03.1993 specifying the criteria for identification of socially advanced persons among OBCs i.e. the Creamy Layer. The report was accepted by the then Ministry of Welfare and forwarded to DoPT which issued an OM dated 08.09.1993 on exclusion from the Creamy Layer.

The OM of 08.09.1993 specifies six categories for identifying Creamy Layer (a) Constitutional/Statutory post (b) Group 'A' and Group 'B' Officers of Central and State Governments, employees of PSUs and Statutory bodies, universities, (c) Colonel and above in armed forces and equivalent in paramilitary forces (d) professionals like Doctors, Lawyers, Management Consultants, Engineers etc. (e) Property owners with agricultural holdings or vacant land and/or buildings and (f) income/wealth tax assessee.

The OM further stipulates that the said parameters would apply mutatis mutandis to officers holding equivalent or comparable posts in PSUs, Banks, Insurance Organizations, Universities, etc. and Government was required to determine equivalence of positions in these organizations with those in Government.

Pending the equivalence to the established in these institutions Income criteria would apply for the officers in these Institutions.

However, this exercise of determining the equivalence of posts in Government and posts in PSUs, PSBs etc. had not been initiated. The determination of equivalence of posts has been thus pending for almost 24 years.

The matter of formulating equivalence has since been examined in detail. In PSUs, all Executive level posts i.e. Board level executives and managerial level posts would be treated as equivalent to group 'A' posts in Government and will be considered Creamy Layer. Junior Management Grade Scale-1 and above of Public Sector Banks, Financial Institutions and Public Sector Insurance Corporations will be treated as equivalent to Group 'A' in the Government of India and considered as Creamy Layer. For Clerks and Peons in PSBs, FIs and PSICs, the Income Test as revised from time to time will be applicable. These are the broad guidelines and each individual Bank, PSU, Insurance Company would place the matter before their respective board to identify individual posts.

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