

## Cash Reserve and Liquidity Requirements in Pakistan: History

(as percent of demand and time liabilities in Pakistan)

Cash Reserve Requirement		Liquidity Requirement	
Effective from	Ratio in %	Effective from	Ratio in %
1 <sup>st</sup> July, 1948	5 of demand liabilities and 2 of time liabilities	1 <sup>st</sup> July, 1948	15
25 <sup>th</sup> July, 1963	5 of DTL	1 <sup>st</sup> September, 1967	20
1 <sup>st</sup> April, 1965	6.25 “	9 <sup>th</sup> June, 1972	25
1 <sup>st</sup> May, 1965	7.50 “	16 <sup>th</sup> August, 1973	30
21 <sup>st</sup> August, 1965	6.25 ”	13 <sup>th</sup> August, 1992	35
17 <sup>th</sup> September, 1965	5 “	19 <sup>th</sup> December, 1992	40
16 <sup>th</sup> June, 1967	6.25 ”	27 <sup>th</sup> October, 1993	30
19 <sup>th</sup> January, 1968	5 ”	1 <sup>st</sup> March, 1994	25
24 <sup>th</sup> October, 1991	5 <sup>1</sup> “	28 <sup>th</sup> May, 1997	20
15 <sup>th</sup> January, 1992	5 “	2 <sup>nd</sup> January, 1998	18
9 <sup>th</sup> February, 1995	5 <sup>2</sup> “	22 <sup>nd</sup> June, 1998	15
18 <sup>th</sup> July, 1995	5 “	19 <sup>th</sup> May, 1999	13
19 <sup>th</sup> December, 1995	5 <sup>3</sup> “	12 <sup>th</sup> July, 1999	15
		22 <sup>nd</sup> July, 2006	18
1 <sup>st</sup> July, 1996	5 “	<b>Notes</b> ➤ For calculation of reserve/liquidity requirement upto 1999 the base included demand and time deposits (general), inter bank borrowings/deposits and other demand and time liabilities. However, with effect from May 15, 1999 the interbank borrowings/deposits and other liabilities have been excluded from the base. ➤ Officially cash reserve requirement stands excluded from the definition of liquidity ratio with effect from March 1, 1994. To make it comparable, the liquidity ratios of earlier periods have also been adjusted by excluding cash reserve requirement. ➤ The system of averaging of reserve balances over the week with minimum daily floor was introduced w.e.from July; y 28, 1997.	
28 <sup>th</sup> July, 1997	Average 5 – Minimum 4		
22 <sup>nd</sup> June, 1998	3.75 Rupee liabilities 5 Foreign liabilities <sup>4</sup>		
5 <sup>th</sup> September, 1998	Average 5 – Minimum 4		
19 <sup>th</sup> May, 1999	Average 3.50 – Minimum 2.50		
12 <sup>th</sup> July, 1999	Average 5 – Minimum 4		
7 <sup>th</sup> October, 2000	Average 7 – Minimum 6		
16 <sup>th</sup> December, 2000	Average 5 – Minimum 4 <sup>5</sup>		
30 <sup>th</sup> December, 2000	Average 5 – Minimum 3 <sup>6</sup>		
5 <sup>th</sup> January, 2006	Average 5- Minimum 4		
22 <sup>nd</sup> July, 2006	Average 7%-Minimum 4% on Demand Liabilities Average 3% - Minimum 1% of Time Liabilities		

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<sup>1</sup> Excluding Special Cash Deposit equivalent to 7% of their total outstanding credit remunerable at the maximum rate of 10% per annum from 9<sup>th</sup> October 1991.

<sup>2</sup> Excluding Special Deposit equivalent to 1.5% of their total demand and time liabilities remunerable at the rate of 11.5% on annual basis from 9<sup>th</sup> February 1995 till 18<sup>th</sup> December 1995.

<sup>3</sup> Excluding Special Deposit equivalent to 3.5% of their local demand and time liabilities remunerable at a maximum rate of 9.2% on annual basis from 19<sup>th</sup> December 1995. On December 20, banks were given option to enter into repo transaction of MRTBs with SBP. The requirement was withdrawn with effect from July 1, 1996.

<sup>4</sup> Average was temporarily suspended.

<sup>5</sup> Banks were, however, required to keep special deposits equivalent to 2% of their demand and time liabilities as of December 9 along with option to purchase from SBP MRTBs on one-month repo basis @ 10% per annum.

<sup>6</sup> After January 5, 2001 the old ratio was reinforced.