

Venezuela delays demonetisation move as banks fail to get new currency on time

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Caracas: Venezuelan President Nicolas Maduro has delayed the withdrawal of the 100-bolivar banknote until January 2 as banks had yet to receive the new tender, media reports said on Sunday.

The nullification of the 100-bolivar note was announced by President Nicolas Maduro on Sunday, with a 72-hour deadline, as an effort to combat currency hoarding being used to destabilise the country.

The sudden change of policy came after days of economic crisis in the South American state, the BBC reported.

In a national broadcast, Maduro claimed his country was victim of international sabotage, which prevented new 500-bolivar currency notes arriving in time.

Many Venezuelans spent several days in long queues trying to hand in or swap the old notes.

Thousands of shops were closed because of the cash crunch, and the public were forced to rely on credit cards or bank transfers. Many were left without food.

Anger spilled over on to the streets and skirmishes were reported in six cities. Many were taken into custody.

In Caracas, people waved their 100-bolivar bills in the air and chanted "they're useless!" - then turned and ran as police in riot gear fired tear gas.

The government said the scrapping of the 100-bolivar note was necessary to prevent smuggling.

The president said the aim was to tackle gangs which hoard Venezuelan currency abroad, a move he previously described as part of the "economic war" being waged against his government.

Earlier on November 8, Indian government announced scrapping of Rs 500 and Rs 1,000 currency notes from the economy to flush out black money and terror funding.

As many as 17,165 million pieces of Rs 500 denomination and 6,858 million pieces of Rs 1,000 banknotes were in circulation on November 8 when the government made the surprise announcement.

- (With IANS inputs)