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India ramps up spending on coal exploration as it slashes funds for mine safety

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NEW DELHI, Feb 1 (Reuters) - The Indian government will increase spending on exploration of coal and lignite by 20 percent in the coming financial year but will slash funding for coal mine safety and conservation, according to the federal budget document released on Friday.

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India is one of the world's largest consumers of coal and rising imports of the fuel are adding to a burgeoning trade deficit, prompting the government to invest in developing more domestic resources.

In the 2019/20 financial year that begins in April, the government aims to spend 6 billion rupees (\$84 million) on exploration of coal and lignite, the document for the 2019/20 budget showed.

At the same time, it will cut spending on conservation, safety and related infrastructure development by about a third from last year to 1.35 billion rupees, according to the document.

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India is one of the most dangerous countries in the world to be a coal miner, with one miner dying every six days on average in 2017, according to government data, but this will be the second straight year that the government has cut spending on safety.

The coal ministry said that coal companies had their own safety budgets.

State-run Coal India Ltd has a near monopoly, producing over four-fifths of the country's coal output. It allocated 8.6 billion rupees for safety-related expenditure for the year ending March 2019, up from 8 billion rupees a year earlier, the ministry said in an emailed statement to Reuters.

It did not say how much it would allocate for safety-related spending in 2019/20.

India scrapped a separate excise duty levied on coal companies, which was used by the federal coal ministry to shore up funds for enhancing safety, after it reformed tax policies in 2017.

The coal ministry said it had increased spending for exploration in 2019/20 to develop more coal blocks to increase domestic coal production and minimize imports.

“This will also enable (the) release of more coal blocks for auction/allocation,” the ministry said.

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In 2018, India's thermal coal imports rose at the fastest pace in four years, according to two industry sources, despite moves by Prime Minister Narendra Modi's government to cut imports. (\$1 = 71.4230 Indian rupees) (Reporting by Sudarshan Varadhan; Editing by Susan Fenton)

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