In a step that is beneficial to India, the Organization of Petroleum Exporting Countries (Opec) decided to raise its output at a meeting held in Vienna on Friday.

Though the producer group did not specify the increase, it may be in the range of 1 million barrels per day (bpd), or 1 per cent of the global supply.

According to media reports, the supply increase is likely to fall in the range of 600,000-800,000 bpd because only some producers like Saudi Arabia and the United Arab Emirates will be able to raise output further.

The increase in production happened after consumers like the United States, China and India knocked on the door of the producer lobby to avoid an oil deficit.

For India, every $1 a barrel increase in crude oil prices will have an impact on its current account deficit by around $1 billion. Industry sources say the output rise may bring down prices to the level of $70 a barrel.

ALSO READ: Opec agrees to oil-output boost after reaching last-minute Iran compromise

After the decision, Brent crude oil prices were seen at $74.11 a barrel, up 1.45 per cent from the previous day.

The move will ease supply constraints, which were in place since January last year and had led to a rise in international crude oil prices.

Though Opec had planned a cut of 1.8 million barrels per day, its output dropped further to 2.8 million bpd owing to decline in production in Venezuela.

"The prices are going to soften and may come down to a comfortable range for Indian companies. However, this will not be having an immediate impact on retail prices as fuel prices are linked to international product prices," said a senior official of state-run Hindustan Petroleum Corporation (HPCL).

According to an estimate, every $1 increase in international crude oil prices demands an increase of at least 63 paise a litre in Indian fuel rates. India is the third-largest consumer of crude oil in the world with around 4.14 million barrels per day or 4 per cent of global consumption.

"The current increase in production is a neutral development. The move may lead to prices dropping to $70 a barrel as a lot will depend on the sanctions on Iran. For India, more steps are required as it had budgeted prices at an average of $65 a barrel for the current financial year," said Debasish Mishra, partner at Deloitte Touche Tohmatsu India.

The current rise in production has come in the backdrop of resistance by producers like Iran, Venezuela and Iraq. The rising prices increased India's import bill by 25 per cent in 2017-18 to $109.11 billion over the previous financial year.

According to reports, the input cost of oil refineries has jumped 40 per cent, compared to six months ago. If crude oil prices further increase, the government will be forced to go for a cut in excise duty on petrol and diesel too. For a Rs 1 cut in excise duty, the government will lose about Rs 130 billion.