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The members who had recommended a status quo had pointed to an uptick in inflation as measured by the Consumer Price Index (CPI), particularly elevated food inflation; upside inflation risk arising out of the implementation of the goods and services tax (GST); and the fact that real policy rate continued to be below the natural rate as reasons for no easing in the policy rate, the summary reveals.

It further said while the members had expressed concerns over a lacklustre global economy, accentuated by the possible economic consequences of Britain voting to leave the European Union (EU), they were upbeat about the effects of a good monsoon and the 7th Pay Commission's recommendations on the domestic aggregate demand.

On the other hand, the member who had recommended a rate cut expected the CPI inflation to soften to 4-5% by the year end and feared that an appreciation of the [Indian rupee](#)'s real effective exchange rate (REER) and interest rate differential might slow the recovery of large corporates.

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Moreover, earlier in August, the government had notified an inflation target of 4% for the next five years, which the proposed monetary policy committee (MPC) of the Reserve Bank will have to achieve through its policies.

The government has provided a margin of plus or minus 2% in the inflation target, fixing the upper tolerance level at 6% till 2021.