* **1.Meaning of Capital Account Transaction**
* A Current Account Transaction has been defined as a Transaction other than [**Capital Account Transactions,**](https://taxguru.in/rbi/fema-current-capital-account-transactions-release-foreign-exchange.html)means all transaction which do **not alter a**ssets or liability outside India of resident or assets or liability in India of Non Resident treated as Current Account Transactions and without prejudice to the generality of the foregoing such transaction includes,
* Payments due in connection with foreign trade, other current business, services, and short term banking and credit facilities in the ordinary course of business.
* Payments due as interest on loans and as net income from investments,
* Remittances for living expenses of parents, children, and spouse residing abroad,
* Expenses in connection with foreign travel, education and medical care of Parents, Spouse and children’s.
* Provided that Central Government may impose such reasonable restrictions as may be prescribed in case of public interest and in consultation with Reserve Bank of India.
* **2.Capital Account Transactions**. **Capital account transaction** is defined as a **transaction** which:- **Alters** the assets or liabilities, including contingent liabilities, outside India of persons resident in India.
* 3. What are the Reserve Bank of powers to issue directions to authorized person as per FEMA 1999?
* Section 11 - Reserve Bank’s powers to issue directions to authorised person.

* The Reserve Bank may, for the purpose of securing compliance with the provisions of this Act and of any rules, regulations, notifications or directions made thereunder, give to the authorised persons any direction in regard to making of payment or the doing or desist from doing any act relating to foreign exchange or foreign security.
* The Reserve Bank may, for the purpose of ensuring the compliance with the provisions of this Act or of any rule, regulation, notification, direction or order made thereunder, direct any authorised person to furnish such information, in such manner, as it deems fit.
* Where any authorised person contravenes any direction given by the Reserve Bank under this Act or fails to file any return as directed by the Reserve Bank, the Reserve Bank may, after giving reasonable opportunity of being heard, impose on the authorised person a penalty which may extend to ten thousand rupees and in the case of continuing contravention with an additional penalty which may extend to two thousand rupees for every day during which such contravention continues.