

## Concepts of Incidence

***Incidence***:- In economics, incidence pertains to how the burden of a specific economic activity or. Policy is shared among various individuals or groups within a society.

- Whenever budgetary policy is changed, means a tax is *impose*, public expenditure is changed or both tax & public expenditure are changed.

**It may result in three types of effects :-**

1. Transfer resources from private to public use.
2. Changes in the level of output or income.
3. Changes in the distribution of income as between different section of society.

- According to Musgrave, the term incidence denotes the third type of effect.

**Musgrave gives five different concepts of incidence as follows:-**

1. Specific tax incidence.
2. Differential tax incidence.
3. Specific expenditure incidence.
4. Differential expenditure incidence.
5. Blanced budget incidence.