

**STRUCTURAL TRANSFORMATION AND ECONOMIC
DIVERSIFICATION IN A PLANNED INDUSTRIAL CITY: EVIDENCE
FROM DURGAPUR-AN INDIAN STEEL TOWN (1970–2020)**

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ABSTRACT

Planned steel cities in India were established as mono-industrial growth centres under the Second Five-Year Plan, resulting in highly concentrated employment structures anchored around large public-sector steel plants. Over time, technological change, economic liberalization, and shifts in production regimes have altered the economic foundations of these cities. This study examines long-term structural transformation and economic diversification in Durgapur, a non-metropolitan planned steel city, by jointly analysing sector-wise employment and income patterns from 1971 to 2020.

The study combines secondary employment data with indicative sector-wise income estimates derived from a perception-based survey of experienced stakeholders. Descriptive statistical measures are used to assess sectoral stability and variability, while economic concentration and diversification are evaluated using the Herfindahl–Hirschman Index (HHI) and the Diversification Index (DI)(Frenken et al., 2007). This dual approach enables a comparative assessment of employment-based and income-based diversification trajectories.

The results reveal a pronounced decline in employment concentration, with the employment HHI falling from 0.52 in 1971 to 0.21 in 2020, indicating a transition from a steel-dominated economy to a diversified multi-sectoral structure driven primarily by small-scale and micro enterprises. In contrast, income diversification remained consistently high throughout the study period, with income DI values exceeding 0.86 across all decades. The emergence of high-income service sectors, particularly information technology, introduced temporary income re-concentration without generating commensurate employment growth(Sassen, 2001; Rodrik, 2016).

The findings highlight a structural decoupling between employment diversification and income diversification, suggesting that post-industrial transformation in planned steel cities involves not merely sectoral change but shifts in the relationship between labour absorption and income

generation. The study contributes to urban economic literature by demonstrating the importance of analysing employment and income structures simultaneously to understand the resilience and vulnerabilities of non-metropolitan industrial cities undergoing long-term economic restructuring.

KEYWORDS: *Economic Diversification, Employment Structure, Sectoral Income, Industrial Town, Durgapur, Herfindahl–Hirschman Index (HHI).*

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