


Chapter-13

ECONOMIC IMPACT OF SEXUAL HARASSMENT IN WORKPLACE: PREVALENCE, LEGAL FRAMEWORK, AND FEMALE PARTICIPATION IN URBAN LABOUR FORCE

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ABSTRACT

Sexual harassment remains a pervasive issue in Indian workplaces, with severe economic consequences including reduced women's labor force participation, high attrition rates, and diminished productivity. This study examines these impacts through analysis of India's legal framework – particularly the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 – and prevalence patterns in urban labor markets. Despite comprehensive legislation, persistent harassment undermines female workforce engagement and organizational sustainability. The research evaluates economic costs encompassing direct liabilities, reputational damage, productivity losses, and insurance implications for businesses. It analyzes how workplace harassment affects women's economic empowerment and broader GDP contributions through reduced labor supply and human capital losses. The study argues that strengthening legal enforcement, workplace culture reforms, and gender-inclusive policies are essential to mitigate these economic impacts. Effective measures against sexual harassment would enhance workforce diversity, organizational performance, and India's economic growth while promoting gender equality. This research underscores the urgency of comprehensive action to create safe, inclusive work environments essential for sustainable economic development.

Keywords: Sexual Harassment, Economy, Gender Laws, Workplace, Harassment.

INTRODUCTION

Sexual harassment in the workplace is not only a serious violation of personal rights, but it also has serious economic consequences that go far beyond individual experiences. The prevalence of such misconduct remains a persistent challenge in urban labour forces around the world, necessitating a closer look at its economic ramifications, existing legal frameworks, and the resulting impact on female labour-force participation.

Sexual harassment has numerous negative economic effects. Companies that ignore harassment run the risk of higher absenteeism, lower productivity, and higher employee turnover. They also incur significant costs for hiring and on boarding new staff, and the harm done to a company's reputation may have long-term financial ramifications. Finally, victims' psychological effects can impede their ability to advance in their careers and perpetuate gender disparities in the workplace.

Many countries have put in place legal frameworks to prevent, address, and correct sexual harassment in the workplace. These frameworks typically define prohibited actions, establish reporting mechanisms, and outline consequences for offenders. However,

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