

REVIEWER'S REPORT

Manuscript No.: IJAR-54563

Title: "How does inclusion in the NIFTY 50 index influence company stock returns, and what does this reveal about market efficiency in India (2010-2024)?"

Recommendation:

Rating

Accept after minor revision.

Originality
Techn. Quality
Clarity
Significance

Excel.	Good	Fair	Poor
✓			
	✓		
✓			
✓			

Reviewer Name: Dr Kanumuri Vinod Varma

Reviewer's Comment for Publication.

(To be published with the manuscript in the journal)

The reviewer is requested to provide a brief comment (3-4 lines) highlighting the significance, strengths, or key insights of the manuscript. This comment will be displayed in the journal publication alongside with the reviewer's name.

MANUSCRIPT REVIEW REPORT

Title: How does inclusion in the NIFTY 50 index influence company stock returns, and what does this reveal about market efficiency in India (2010–2024)?

SIGNIFICANCE

The paper answers a very important and urgent question in financial economics - how NIFTY 50 index inclusion affects the performance of firms and the implication of the same on the Efficient Market Hypothesis (EMH) in the Indian context. The research is highly relevant to the scholars, practitioners and policy makers because it adds to the knowledge of how the market acts in a new economy that has increasingly become interconnected with the global financial systems. The paper covers structural and behavioral changes in the Indian equity market by covering the time span of 2010-2024 providing the understanding of the changing efficiency and maturity in the Indian equity market.

STRENGTHS

The paper exhibits a good conceptual and empirical background. The author has effectively used the event-based market analysis with the long-term return analysis of CAGR and short-term absolute returns. The study has an advantage of having a well laid-out dataset of 87 companies and validates the data very well

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using NSE and Yahoo Finance sources. The discussion of the study is successful because it connects the results of the empirical study to the general market efficiency theories and approaches of behavioral finance. The methodology is clear, there is literature integration and results presentation that makes the paper insightful and credible. The flow of the introduction to conclusion is also admirable.

KEY FINDINGS/INSIGHTS

1. Short-Term Effects: Listed Companies in the NIFTY 50 have short-term price increase and liquidity boosts as the companies are included, specially due to investor enthusiasm and changes in index funds.
2. Trends (Long-term): The majority of gains associated with inclusions are dwindled within 1-3 years, and average CAGRs are lower than the industry standard of NIFTY 50 index.
3. Exclusion Effects: Dropped companies will be hit by drops to start with but will tend to recover as prices will be corrected, signifying the correction of overreactions.
4. Market Efficiency: The results are in favor of the semi-strong version of market efficiency, and the markets absorb the information of the population rapidly, but the biases of behavior do exist.
5. Investor Behavior: The short term herd behavior, the effects of anticipation and attention-based trading are evidenced by a combination of the rational and psychological market.

SUMMARY OF THE WORK

The article is an empirical study of the impact that the addition of company stock as a part of the NIFTY 50 index has on company stock returns during 2010-2024. Based on the NSE and Yahoo Finance data, the analysis of short-term and long-term patterns of returns is conducted on companies that have been added or removed to the index. The paper uses CAGR and absolute return performance to compare and contrast the performance of individual firms with the performance of 50 companies, the NIFTY 50. The results reveal a transient positive returns on the included firms and recovery potential on the excluded firms, which means that the Indian stock market is majorly semi-strong in terms of efficiency and with some instances of behavioral deviations.

STRENGTHS

- Good source triangulation over a 15-year span.
- The relationship between empirical findings and theoretical models (EMH and behavioral finance) should be clearly stated.
- Hybrid combination of qualitative analysis and quantitative analysis.

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- Close fit to Indian capital market research and policy.
- Successful combination of the previous literature and the new findings (2024-2025).

WEAKNESSES/IMPROVEMENT AREAS.

- Poor methodological rigor in terms of statistical validation (e.g. lack of event-window abnormal return analysis or t-tests).
- Graphical illustrations, e.g. trend charts or a concept model summing up return behaviors would have been a welcome addition to the paper.
- Some of the references are similar (e.g. ET Bureau, 2025) and can be amalgamated.
- It is possible to discuss in more detail in the discussion section macroeconomic or institutional factors influencing market reactions.
- The language and formatting can be perfected and formatted in citation numbering and alignment.

IMPROVEMENT SUGGESTIONS.

- Provide a graphical overview (e.g., plots of return trends or conceptual framework schematic) to graphically display results.
- Increase the methodological rigor with parameters of event-study mean abnormal returns (AAR) or cumulative abnormal returns (CAR).
- Vowel out redundant sources and use the same referencing style.
- Expand the discourse about the effects of institutional and algorithmic trading in the determination of future market efficiency after 2020.
- Strengthen the conclusion by giving a short mention of policy implications on investors, regulators, and index fund managers.

Publication Recommendation.

Recommendation:

Accept with Minor Revisions

Reviewer's Comment:

The paper is a rich and empirically based research applicable in the study of market efficiency in emerging markets and that is the NIFTY 50 of India. It will be a good publication in a journal of finance, economics, or management with the few adjustments to the presentation of the methodology, graphic improvement, and stylistic integrity.